The Magazine of Wall Street

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How The Market Break Will Affect Business - Money - Investments

The Investment Trust Economic Asset or Liability?

Vol. 45 No. 2

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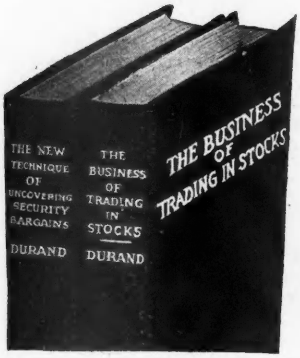

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WITH THE EDITORS

Eliminating Rumor Static

THE immortal Topsy of "Uncle Tom's Cabin" fame when asked about her parents replied "I wasn't born, I jest growed." So it is with rumors. They are born out of the thin air and rarely have any parentage in actual fact. But however, mythical and unfounded rumors may be they are a dangerous element loaded with psychological dynamite. Witness the effects of the latest crop of Wall Street rumors.

When the recent sacrificial selling of all classes of securities was at its height and the ticker was lagging hours behind actual transactions on the Exchanges, Dame Rumor injected her presence into the situation and added further to the confusion with an unusually abundant supply of false assertions. The investor as well as the trader was bombarded on all sides with reports that many brokerage firms were on the verge of financial collapse, big market operators were ruined, banks were being hard pressed and scores of people were literally hurling themselves out of windows to suicidal death. Frankly recognizing most of these rumors as without authority for their truth, human nature, however, being what it is usually concedes and accepts the slight chance that there may be a particle of truth in them. In the frame of mind produced by conflicting and alarming reports, sagacity and clear thinking become displaced by heedless action. Such folly is bound to be revealed when the smoke has cleared away.

Attempts to verify or trace even the more persistent of the highly colored rumors engendered by a collapsing stock market met with but little success. Nevertheless it required statements of the most reassuring nature from the highest government and most influential banking and industrial leaders before anything approaching sanity in the attitude of the vast public involved in the stock market could be discerned—rather a paradoxical situation when it is remembered that but a short time previous nearly everyone seemed inoculated with confidence and was showing an undisguised eagerness to purchase equity securities at almost any price regardless of such cardinal considerations as income and earnings.

To say the least, the huge downward readjustment of security values will have a far-reaching effect and the lessons and morals to be drawn therefrom, many. Of the latter and among the first to be established beyond any question of doubt, is the foolhardiness of permitting one's self to be misled and influenced into hasty judgment by unconfirmed rumors. Admittedly there have been instances where early rumors have eventually taken form in actual fact but these instances are far too few to justify the ready acceptance of every elusive statement that is passed along, most of which owe their origin to hopes and wishes or some source with a flair for the sensational. It is futile to make any effort to separate the wheat from the chaff and the liberal application of the proverbial grain of salt particularly in times of stress suggests itself as the most effective antidote.

In the Next Issue

Coming Features of Importance

How to Invest in This Market

This is the question besetting every alert investor under present conditions. With stock prices deflated, the course of the market uncertain and senior obligations rising in popular favor, how shall funds be most safely and profitably employed? Specific plans and numerous recommendations suited to current conditions appear in this and other features.

Drastic Changes Overtake Banking

Branch banking and chain banking are on the threshold of extensive development. There is a marked tendency toward concentrated control which may make New York more the banking capital of the country than ever before. What will be the outcome of these new tendencies? What will be the effect on business, finance and on the banks themselves?

Is the Investment Trust Consistent with the Modern Economic Era?

This is the second in the series of two articles on the investment trust—its strength, weaknesses and influences on business, finance and investment are discussed in the most informative and interesting manner.

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Investment and Business Trend

Are We Poorer?—What Will the I. C. C. Plan Be? — A Friend in Need — Bonds Rise in Esteem — The Market Prospect

ARE WE POORER?

IT is calculated that the value of securities in the United States declined $50,000,000,000 in the stock panic. Does that mean that the country is that much poorer? The answer is yes and no. Wealth is a variable quantity resulting from the two factors of property and desire for it. There has been no loss of the sum total of tangible property, as when in the war we shot away $20,000,000,000 worth of it. But there has been a temporary cooling of desire for it, as offered in the stock market. As a cash proposition, the wealth of the country, as reflected in negotiable securities, has been marked down $50,000,000,000. But the desire factor is a most erratic thing. It may soon be ardent again. A little emotional stimulation will restore that $50,000,000,000. But property is a substantial thing — it is just as much, if not more, than it was before October 24th. Although our accounts may tell us we are poorer, our property has as much quantity and utility as ever. In fact, as solid property, differentiated from pieces of paper indicating shares of its ownership, there has been no decline in values. A great industrial corporation will not write down its physical assets 50 per cent, or one per cent, because its stock is off that much. But if the misgivings that contracted the desire for wealth as represented by shares of stock should extend to actual property, then we would have an indisputable shrinkage of wealth. It is likely that for a time there will be such an extension in some lines—and the nation will actually be poorer, although possessing as much tangible property as ever. A little imagination, however, will restore the appraisal, but it could not if $50,000,000,000 worth of property had been destroyed. What we have truly lost is energetic imagination—and maybe we had too much. But in America imagination is deathless. Tomorrow is another day!

WHAT WILL THE I. C. C. PLAN BE?

IT will be well for investors in railroad securities to follow closely the developments at Washington with respect to railroad consolidation; for in the course of the next few weeks the Interstate Commerce Commission will present its long expected plan to Congress for the consolidation of the railroads of the country into a few great systems. Despite the number of individual proposals already lodged with the Commission, it has long been apparent that nothing of a broad national scope could be accomplished without a plan from the regulatory body itself, setting forth its own ideas. Indeed it is commonly conceded that upon character of the

BUSINESS, FINANCIAL and INVESTMENT COUNSELORS
1907 - "Over Twenty-One Years of Service" - 1929

I. C. C. plan devolves the whole question of the ultimate success or failure of railroad consolidation. If the plan is theoretical and proposes to disturb many of the important relations now existing between great carriers, the roads will oppose it at whatever hearings may be held and will no doubt take their respective situations to the courts. The result would be further years of delay for the entire question of consolidation. But if, as seems more probable, the plan is practicable and does not suggest the breaking up of long established ownership and traffic agreements among leading lines and in other respects is founded on common sense ideas, railroad executives may be expected to exert an honest effort to harmonize their views with those of the commission. In any event publication of the plan will be of the utmost importance to owners of railroad securities. It will undoubtedly stimulate new interest and may well result in price advances in the shares of strategically situated lines.

A FRIEND IN NEED

ONE of the astounding spectacles of the recent stock market unsettlement was the manner in which a loan burden of billions of dollars was tossed from one shoulder to another without creating a single flurry in the rate of stock exchange call loans. It had become a matter of considerable apprehension to financial observers that the non-banking lenders of call money had almost four billion dollars placed on call. In a moment of stress, these observers asked, what will happen if a large part of these funds are suddenly withdrawn for other uses? What did happen, as is now well known, was that these "other" lenders, called in 1,380 million dollars during the week ended October 30th at the same time that the out-of-town banks made withdrawals of an additional 700 million dollars. In the excitement that attended this financial jostling, the New York City banks calmly shouldered a burden of one billion dollars which was thrown on them during the stock market break. All this seems to be taken a good deal for granted now that the danger is behind, but it requires little strain on ones imagination to picture a catastrophe many times worse had the local banks been unwilling or unable to step into the breach. At no time was the Stock Exchange fraternity unable to produce funds to protect the legitimate needs of their customers and at a cost that was several percent less than traders were accustomed to paying in the balmiest days of the stock market advance. Credit where credit is due—the stock market found a real friend and powerful ally in the local banking institutions at the time of its greatest need.

BONDS RISE IN ESTEEM

SOMEHOW or other, the bond market reminds us of the story about the man who builds a better mouse trap than anyone else and the world beats a path to his door. During one of the worst security panics in the history of the New York Stock Exchange occuring in the past weeks the bond market, although also under pressure, actually established higher values for the strictly investment issues. It is true that the convertible bonds were severely unsettled; it is true that individual investors, estates and institutions threw their bonds on the market in large volume; it is true that the banks liquidated bonds as well as stocks in mixed collateral loans—but in the face of such selling the bond "averages" are now higher than they were before the market break. Neglected for a long time because bonds "do not show profits," these same issues are now eagerly sought by investors because they "do not show losses." In spite of the investment bargains available in the stock market at current levels, the bond market is getting a larger portion of the conservative capital than was its lot during the earlier months of the year. Here too, values are attracting the public and the world is beating a path to the door of the bond market.

THE MARKET PROSPECT

IN retrospect, it seems clear that the market's recent deplorable collapse originated in the persistent defiance of the new school of speculators to time-tested standards of measuring values, in the exhaustion of buying power after a prolonged season of unprecedented inflation, and in the panic that seized an unschooled, vastly expanded public following—a panic engendered by the melting of values originating with foreign liquidation of American securities as an aftermath of the Hatry failure in London. Some of the consequences of the market's debacle are already apparent. Others may only come to light with the passing of time. One of the most important immediate effects will doubtless be the rebirth of faith in sound standards for measuring values. Former conclusions must be recast, and in consequence, the future of individual stocks and groups of stocks is now more likely to be appraised in terms of industrial prospects, intrinsic values, yields and earning capacity. Despite the disaster that has overtaken many investors, the American capacity for "coming back" will assert itself. The market must gradually resume its normal functions in the scheme of things financial. Though the bull movements in 1928 and 1929 violated precedents, the market of the past two weeks has run more nearly true to established form. Its initial recovery from the panicky low levels brought leading issues roughly half-way back to the September highs, but the readjustment of impaired accounts and the sale of stocks, bought for the sole purpose of attempting to stabilize the market in the break, terminated this rally, as usually happens. Now further redistribution of support stock and liquidation of weakly held issues may be anticipated before equilibrium is fully restored. But, just as every speculative boom carries within its structure the instruments of its own final destruction, so each major collapse contains the seed of reincarnation. For the buyer who exercises care and deliberation, the market now affords more opportunities for sound investment than have been available in several years.

Monday, November 11, 1929.

BUSINESS, FINANCIAL and INVESTMENT COUNSELORS
1907 - "Over Twenty-One Years of Service" - 1929

To what extent will the break in stock prices make itself felt in business?

Widespread liquidation and deflation of security prices has released an abundance of funds. Has the period of high money definitely passed?

On what basis can investments now be judged?

After the Break—What?

By Francis C. Fullerton

In the recent cyclonic stock-market crash the mob of speculators and investors had only one thought—to get away as fast and as far as possible. We know now that with or without a crash the market was due for a retreat. Quite likely an orderly retreat would eventually have taken it just as far back as the rout did in the extreme of panic cowardice. But the casualties would have been fewer and the losses of materiel and morale much less. It would have been easier to rally the army of investors and speculators, and easier to keep their fears and apprehensions from becoming contagious and spreading to the substantial productive and distributive levels of the economic whole.

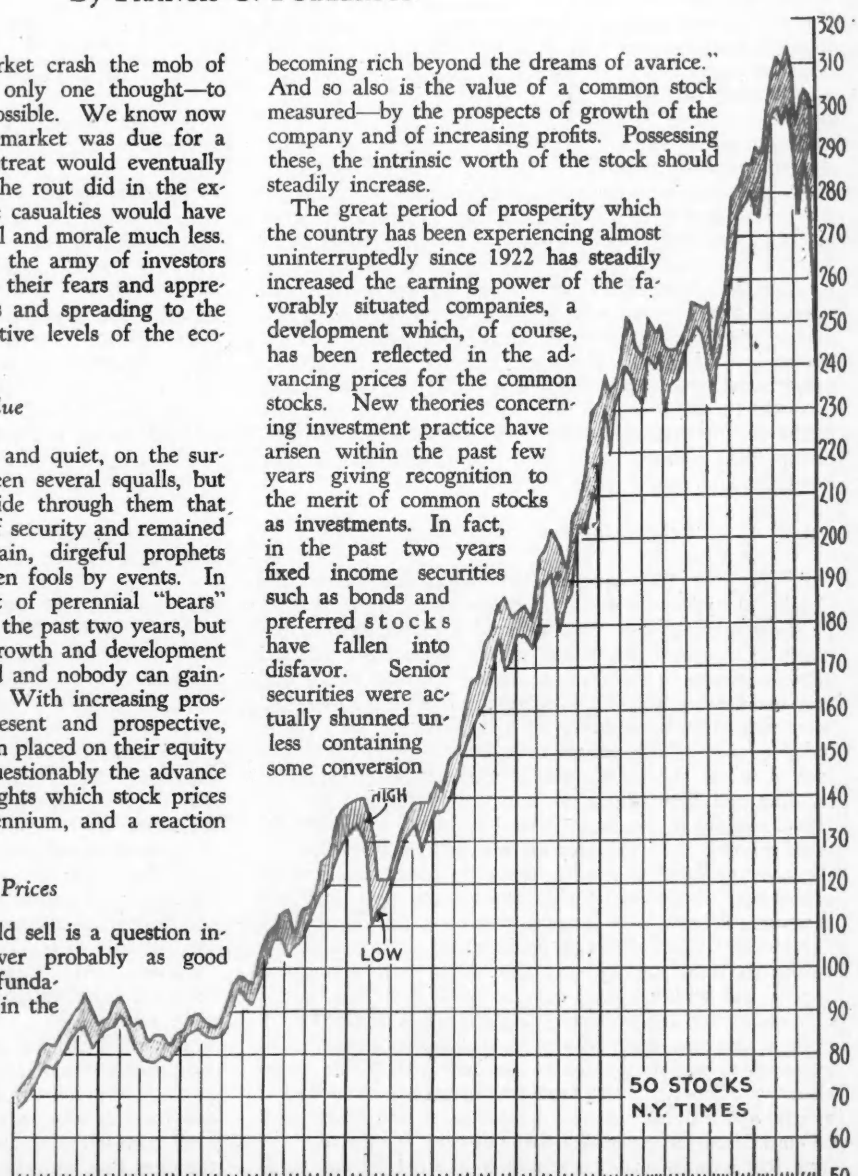
Reaction Overdue

A few weeks ago all was serene and quiet, on the surface at least. True, there have been several squalls, but so evenly did the financial ship ride through them that the public was lulled into a sense of security and remained blithely confident.. Time and again, dirgeful prophets sounded warnings, only to be proven fools by events. In fact, there had been a contingent of perennial "bears" warning of an impending smash for the past two years, but nobody took them seriously. The growth and development of the country would not be denied and nobody can gainsay that this has been tremendous. With increasing prosperity, profits of corporations, present and prospective, mounted; and naturally the valuation placed on their equity securities also increased. But unquestionably the advance was carried too far. The dizzy heights which stock prices reached were discounting the millennium, and a reaction was really overdue.

The Measure of Prices

The price at which a stock should sell is a question involving many factors. An answer probably as good as any and one which embraces the fundamentals of the matter, is embodied in the statement made by Dr. Samuel Johnson, the great English lexicographer of the 18th century, when asked to give his opinion of the real value of the Thrale brewery. Dr. Johnson answered, "We are not here to sell a parcel of boilers and vats, but the potentiality of becoming rich beyond the dreams of avarice." And so also is the value of a common stock measured—by the prospects of growth of the company and of increasing profits. Possessing these, the intrinsic worth of the stock should steadily increase.

The great period of prosperity which the country has been experiencing almost uninterruptedly since 1922 has steadily increased the earning power of the favorably situated companies, a development which, of course, has been reflected in the advancing prices for the common stocks. New theories concerning investment practice have arisen within the past few years giving recognition to the merit of common stocks as investments. In fact, in the past two years fixed income securities such as bonds and preferred stocks have fallen into disfavor. Senior securities were actually shunned unless containing some conversion



feature or accompanied by warrants to buy common stock of the company. All the former conservatism which ran to well secured bond investments or high grade preferred stock was thrown into the discard in order to pursue the new vogue of placing funds in common stocks.

The sharp decline in the market might be held to show that this tendency was overdone. As usual, the pendulum has swung to the extreme and investors' portfolios were in many cases devoid of senior securities. From now on it is not unlikely that with interest rates trending downward, and popular fancy somewhat singed in the bright flame of advancing common stock prices that the bond market may experience its long sought revival. To a lesser degree the same is true of preferred stocks. Individual holdings will doubtless exhibit a more salutary and safer diversity among the various types of bonds, preferred and common stocks of high investment rating and marketability.

In the Train of the Market Crash

The Magazine of Wall Street's Common Stock Price Index:	
Combined average fell from.............	173.1 to 125.8
Railroad stocks fell from	169.5 to 137.3
Price to earnings ratio of 100 representative companies declined from a high of......	16.5 to 9.6
Brokers' Loans decreased from	$6,804,000,000 to $4,882,000,000
N. Y. Federal Reserve Rediscount rate reduced from	6% to 5%
Time money rates declined from..........	9¼% to 6%

In view, however, of the sharp drop that has occurred in the prices of common stocks, the question arises as to whether the present time is advantageous to acquire them for long term holding. Dozens of leading stocks have been reduced in market value to levels representing but a small part of the peak prices of not many weeks ago. Some recovery has taken place from the extreme low point, but, nevertheless, practically everything added in market value to stocks for more than a year back has been swept away in the decline since September. Successive waves of liquidation have restored yield levels in standard stocks that many thought would never return.

Relation of Price to Earnings

A group of 100 representative stocks that before the October debacle were selling at prices averaging more than 16 times earnings have been deflated to approximately ten times. Of course the public utility issues have suffered most drastically in this decline, not only because as a group they had furthest to fall but because public imagination had been fired by the stability of the industry, its relative independence of depression in business and the enormous rate at which the great systems of the industry were expanding and stretching forth into new territory. But the public utilities by no means bore the brunt of the decline; standard rails and the greatest industrial corporations of the country have also come down to levels where their prices bear closer relationship to earnings and dividends than would have been thought possible a few weeks ago.

Naturally when the high grade stocks decline with the weak—the uninflated with the inflated—investment bargains appear, but selection must only be made with careful discrimination and full understanding of the position and prospects of the company. Moreover, such common stock commitments as are made must be assumed with a long range objective. Some recovery from low prices has occurred but a firm uptrend has yet to be established and there must be considered the possibility that business, at least over the next few months, may be adversely affected by the panic in the market and its consequences. If the effects are more serious than is now apparent, stocks may follow a hesitant course for some time. But the country is destined to continue its growth and progress, and its institutions and industries under the basically sound condition of business are bound to prosper. The public's enthusiasm for stock has given way to sober judgment, a transition which should mean healthier conditions in the future. The bond market is destined for a position of favor and future financing should again trend in this direction. Well secured and seasoned bonds are now obtainable on a basis to give a more attractive yield than for several years

Business Repercussions

The effect of the stock market crash on business is the paramount question at the moment. According to precedent, a declining stock market followed by such sharp breaks as we have experienced since September of this year generally is the forerunner of a decline in business, that is to say, practically every previous occasion of a crash in the market was a barometer predicting a decline of varying magnitude in business. In itself, a severe reaction in stock prices has an unfavorable influence on general trade both by curtailing purchasing power and by impairing the confidence of consumers and business men alike. Many fortunes were lost in the crash and everyone who had money invested in stocks has experienced shrinkage in capital invested, no matter how conservatively their money was invested. Many people, even if they continue to hold stocks, will feel poorer because of a loss of paper profits and the drop in market value. This class of people as well as actual losers in the market will naturally restrain their buying.

The psychological effect on business, therefore, is of chief immediate importance. Specifically this will converge in the beginning on luxury articles. It is in this class of commodities that there has been an enormous extension of installment credit. Losses in the stock market, together with meeting the obligations to which many people are already committed will no doubt affect adversely, for some time at least, the volume of business done in the merchandise commonly sold on this basis.

The automobile industry, of course, is one of the first to experience the effects, and to meet this condition one large manufacturer of low priced cars has already not only cut the price on his models, but also reduced the financing charges to installment buyers. Price reductions in other lines, the luxury and semi-luxury field, indicate that manufacturers and dealers are aware of the conditions caused by the stock market crash. Curtailment in luxury lines affects the activities of the supplying industries and of course employment. Also there has been a tendency to reduce or postpone projected commitments, but this may prove only temporary.

The danger of the large volume of installment credit outstanding has been commented on at various times in the past. The present situation may well constitute the "acid" test for this idea, particularly as the type of people who avail themselves of installment credit to the limit are also the ones that were likely to speculate in the stock market.

An appraisal of the situation reveals that the fundamen-

tals of business have been, and still are, sound. While reports of slackening activity in certain lines may have been one factor in the market crash, the main cause was in the condition of the market itself. In contrast with similar occasions in the past, our large corporations are in good shape and apparently are not greatly affected. Never before in the history of the country have our industries been better fortified as to cash, conservative state of inventory, or soundness of corporate structure. As there has been no inflation of commodity prices, and stocks of raw and finished goods in most lines are no more than normal, no losses from these sources are occasioned.

In the 1920-1921 crash, on the other hand, the liquidation of the highly inflated commodity markets together with the tremendous inventories carried by most companies caused huge losses and aggravated the situation severely. This situation is entirely absent at the present time. Some declines have occurred in commodity prices, affected by and in sympathy with the sharp break in the stock market, but nothing at all comparable to the smash in commodity prices of the earlier period.

Fundamental Strength

The unimpaired fundamental position of the country's business structure would seem to afford strong assurance that the psychological as well as the material effects of the stock market upheaval will not be so serious or so widely extended as at first anticipated. After all, the number of people directly caught in the crash, while large in the aggregate, are relatively few when the total population of the country is considered. The losses incurred, moreover, have been to individuals, and are not losses reducing the country's productive capacity. The nation's wealth as represented by its farms, mines, mills, railroads, factories, etc., are intact.

Indeed, the paradox of the stock market crash is that it came at a time when business by and large had been enjoying one of the most prosperous periods in the history of the country. A survey of thirty different types of industry, representing a cross-section of the business of the country and covering the activities of over 600 companies, shows that for the first nine months of the current year **every one of these industries considered as a unit with a** single exception was being run at a profit. Considering the complexity of the business structure this is a truly remarkable showing. Twenty-eight of these industries report increases over the corresponding period of 1928 ranging from 7.8% to 180.0%, while the average increase for all thirty industries was 20.3%.

Indicative perhaps of a changing trend, however, it may be significant that the results for the third quarter alone show a slowing down in the rate of profit increase compared with the two preceding quarters. Profits for the third quarter gained only 14.1% over the same quarter of 1928, while six industries of the thirty showed lower profits than the year before.

The interrelation of business is clearly apparent when considering the effect of one industry on another. Take for example two of the key lines upon which prosperity is commonly held to rest—steel and automobiles. The declining rate in steel production during recent weeks is attributable chiefly to slackening in motor car output. Since the automobile industry during the first half of the year accounted for approximately 25% of total steel demand, a decline in that industry seriously affects the steel trade. During October, the trend in steel output for the first time this year turned below that of the corresponding time of last year, and is now running at about 78% of capacity. For the full year 1929, however, the steel industry should establish a new high record for annual output.

Activity in the automobile industry this year has also been at an exceptionally high level, as many cars and trucks being produced during the first nine months as were produced all last year. At present, production is at a comparatively low rate, a development which is ordinarily of a sea-

sonal nature at this time of the year, but now accentuated.

One of the chief ills of the industry is an internal one—high pressure production—each manufacturer arbitrarily setting higher production schedules each year with too little regard to the market for the product. This practice has brought the industry to a state where a number of manufacturers frankly admit that it must be placed on a saner basis or else face serious trouble. Concerning the long range outlook for automobiles, as a whole, the detrimental influence of the stock market crash will probably be only of a temporary nature. Motor car registrations in the United States exceed 25,000,000, which means that replacements alone will be between 3,500,000 and 4,000,000 vehicles, assuming an average life of 6 to 7 years per car. Sooner or later, this accumulated potential demand will make itself felt, and if delayed will only come in with so much greater force.

In a number of other important lines, the fundamental situation may be viewed in a somewhat optimistic light. The demand for rails and railroad equipment has been heavy. Freight car buying by railroads in the United States for the first ten months of the year has been double that for the full year 1928 and promises to continue in satisfactory volume for several months. Electrical equipment manufacture should likewise hold up well. A source for a large part of the demand in this industry comes from central station companies where the factor of maintenance and obsolescence makes necessary a large replacement program. The electrification programs of the railroads should also soon make themselves felt.

Taken as whole the general outlook for trade and industry is thus one in which moderate restraint may be evident for some months, but from the inherent soundness of the business structure, recovery to a fair measure of prosperous conditions may be anticipated before the new year is far advanced.

Benefits From Cheaper Money

In addition, from the recent catastrophe has emerged a constructive force in the form of easier credit conditions. For it must be recognized that one of the principal unfavorable factors in the business situation for the past year was the growing stringency in money. The mad speculation in stocks acted as a whirlpool drawing more and more of the country's credit into its vortex with detrimental effects to many lines of legitimate business. This situation is now promised relief by a subsidence of the abnormal demand for speculation. Already a drop of **$1,922,000,000** has taken place in broker's loans. The whole credit situation has undergone an almost complete transformation for the better. A most significant development was the reduction recently of the New York Federal Reserve Bank's rediscount rate from 6% to 5%, following a cut in the Bank of England rate from 6½% to 6%. This simultaneous action by these two great institutions marks a definite constructive move towards a thorough straightening out of the disturbed condition both at home and abroad. With the lowering of the rate here to 5%, the period of high money rates has probably come to an end, and a period of cheaper money appears in prospect. It has been the avowed intention of the Federal Reserve Bank to prevent the absorption of credit by the stock markets of the country but at the same time to avoid hurting business. In following out this policy, the rediscount rate in New York was raised to 6% in August of this year, while simultaneously the bill rate was lowered. With the backbone of the speculative craze broken, the Reserve Bank's policy will probably experience little difficulty in its previously announced intention of making plenty of credit available for legitimate business.

The high money rates prevailing in the past year and the difficulty of raising money through mortgage bond issues have been particularly trying to the building industry, one of the key industries in the country's prosperity. While the stock market crash will probably also have a temporary detrimental influence on real estate, inasmuch as it has shaken confidence in all forms of investment, cheaper money rates should eventually be reflected in a gain in building operations. The effect of the credit stringency is markedly indicated in the fact that building activity so far this year has been well below that for the corresponding period of the preceding year. There is a great amount of work to be done in remodeling our cities and replacing antiquated housing facilities with modern structures.

High money rates and the lethargy in the municipal bond market have likewise had the effect of slowing down public improvement works. Continued urban growth is taxing existing facilities and the undertaking of improvements awaits only a favorable market for the flotation of the necessary bond issues.

Should any material slump occur in business that would head it for a period of depression, the Federal Government will no doubt initiate public improvements on a large scale in accordance with the often announced plans of the gov-

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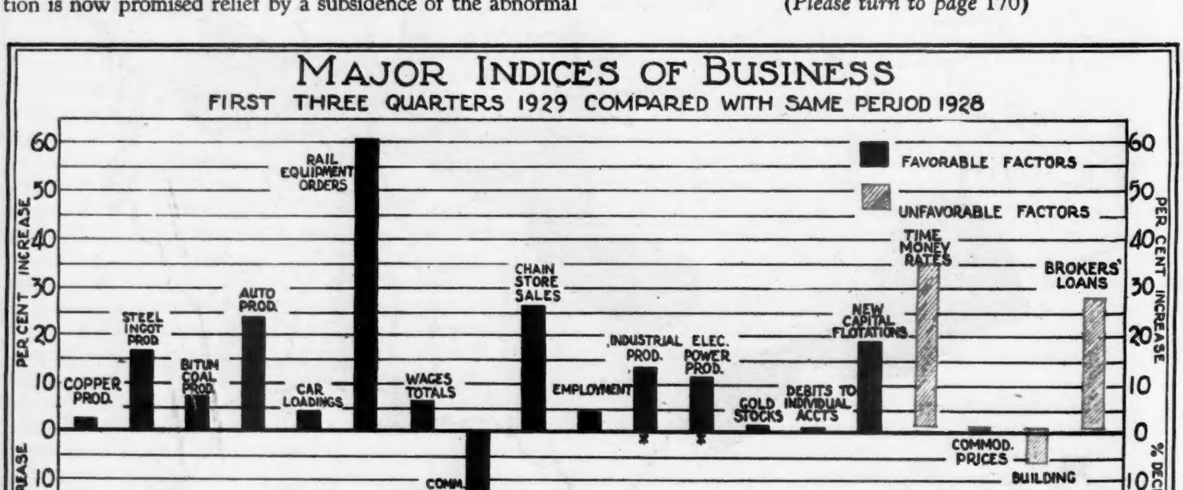


Investment Trusts—Friend or Foe of the Stock Market?

A Penetrating Analysis of Modern "Stock Buying Syndicates" That Have Raised 2¼ Billion Dollars in Nine Months

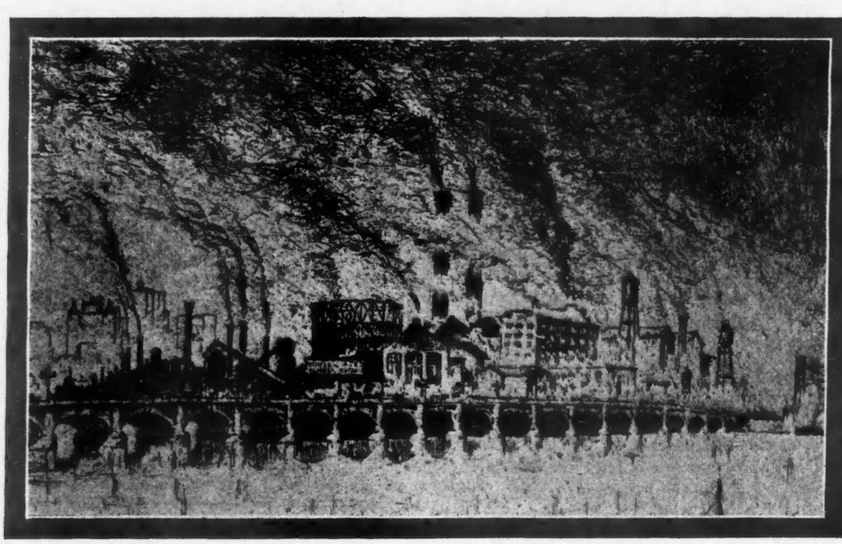
By Arthur M. Leinbach and Theodore M. Knappen

This is the first of a series of two articles dealing with the investment trust—that American institution which in an amazingly short space of time has come to exert a major influence in the market, on investment habits and, through corporate ownership, on business. Unbiased in viewpoint, these discussions frankly reveal weaknesses as well as strength and afford a definite indication of the part which the trusts may play in the future.—Editor.

"HOW will the investment trusts fare in a big market break?"

This is a question that had been raised so many times during the past few years and answered so variously that the topic was just about becoming boring when suddenly the market broke. Now that the solution of the popular puzzle has been published on the front pages of the newspapers of the country, we know that investment trusts have fared much like the individual investors in the break—with one important exception.

Some investors were shrewd and competent—so were some investment trusts. Some individuals invested cautiously in the rising market, seeking investment income primarily and market profits as a secondary consideration—so did some investment trusts. Some individuals permitted their good judgment to become warped by the enthusiastic sentiment of a market boom—so did some investment trusts. Some investors owned their stocks outright with liquid funds to use to good advantage in the break—so did some investment trusts. Other investors found themselves completely tied up by their previous commitments when the bargain prices were offered in the break—and so did other investment trusts.



From an etching by Anton Schutz

And so it goes all the way up and down the line, there are many points in common. For every representative type of investor that one can point to, there exists an institutional prototype in some investment trust. Like the individual investors, some of these trusts did rather well in the break; other trusts became rather tragically tied up and must ultimately do a good deal of "adjusting" of their accounts to bring them in line with the present market. Some trusts came to the aid of the market, attracted by bargain prices; others waited cautiously—if hungrily—for the liquidation to run its course; and still others merely stood by watching their assets shrink day after day, being utterly helpless either to help the market or themselves. And thus the investment trusts experienced the market break, even as you and I!

Trusts as Panic Antidote

During the past year or two, many writers have been pointing to the growing influence of investment trusts as one of the factors which would make the stock market panic-proof. They pointed to the skilled management of the funds of these groups; to their extensive research staffs; to the immense sums of capital they commanded and to other advantages not enjoyed by the private investor. They overlooked, however, the probable inclination of those sophisticated managers to sell stocks when danger signals appeared on the financial horizon.

The poten-

tial danger of such organized liquidation in a declining market was rather disregarded in favor of the constructive influences of these "investment syndicates" in a rising market. So when the investment trusts failed to prevent the market liquidation from becoming entirely demoralized, these same scribes poured forth much bitter, if unwarranted, criticism.

Looking through their old text-books on the subject they found material to draw deadly parallels between the wholesale failures of British investment trusts in the 80's and the present situation. Investment trusts invariably go through such a period in their infancy, these gentlemen said, and they are reaching that stage now in America. Dire things were predicted for the investment trusts in this country merely because the early English and Scottish trusts got into difficulties fifty years ago.

Let us see how far the analogy can fairly be drawn. In some respects the financial conditions that prevailed in the early 80's were similar to financial conditions in America at present. Fifty years ago there was a surplus of investable wealth in Great Britain. Interest rates were extremely low and British government securities—the *pièce de resistance* of English investors—yielded a beggarly 2½ to 3 per cent.

In order to seek higher yields, at home and abroad, skilled managers were sought—also the distribution of the individual risk. So cooperative investment in the form of investment trusts became increasingly popular and successful.

One after another these trusts were formed and their securities subscribed for by an eager public—mushroom growth, we say, in the light of retrospect. So far, the picture is not entirely unfamiliar to modern investors.

The Danger of Funded Debt

But the typical British investment trust had then (and indeed has today) a somewhat different financial structure than the characteristic American trust of this year 1929. The British trust was formed with debentures—perhaps several series of them at varying rates of interest—then an issue of preference shares with a fixed rate of interest and finally non-preference shares or common shares or founders shares (sometimes all three) which had no fixed rate of return but which shared pro-rata in the surplus at the discretion of the managers.

The debentures, which were frequently secured by deposit of part of the trust's invested assets, represented a fixed obligation to pay both interest and principal. The preference shares bore a fixed rate of interest. Loss of income or impairment of investment portfolios meant actual bankruptcy under such conditions. A period of undigested securities, forced liquidation by trusts which had made unfortunate investments and the still remembered Baring failure to cap the climax, brought the rapid growth of investment trust financing to a tragic end and forced many of these early trusts *with their fixed obligations to meet* into bankruptcy.

When the investment trusts were first projected in the United States, about a decade ago, the British plan of capital structure was followed. In fact some of the American trusts still follow the Bitish plan, but nearly all such have adaptations that make them more applicable to the American security markets Fixed obligations and restricted powers of the managers of the fund make it essential for an investment trust to place a substantial portion of its capital in strictly investment, non-fluctuating issues. Such practices do not suit the temperament of American investment trust managers. Nor are they in harmony with the tendencies of the American security markets—at least the tendencies that prevailed prior to October, 1929. Consequently, the most extensive growth of modern American investment trusts has been along lines that are considerably more elastic than the British trust both from the standpoint of capital structure and investment habits.

American Trusts Are Elastic

The wide latitude permitted the managers of the American investment trust and the elastic nature of its capital structure are the factors which brought them successfully through the recent break. Their invested assets were largely unpledged. Their capital very frequently was represented by shares of common stock alone, and when preferred shares were offered, they were usually low-interest-bearing securities made attractive by some conversion or profit sharing feature. In order to take advantage of favorable market opportunities, these trusts have the power to arrange bank loans either on their credit or secured by the collateral of their investment holdings. Many of them had no loans whatsoever; in fact, had been large lenders of cash in the call money market. If they struck a balance sheet at the close of the worst day of the recent market break, it might have shown items of a few thousand dollars of current bills payable as the trust's sole liability, with capital and surplus lumped into one great sum of many millions on the same side of the ledger to balance their invested assets.

For such organizations, it is only tradition that entitles them to the name "investment trusts." Like the Holy Roman Empire of the Middle Ages, which some writer has said was "neither holy, Roman, nor empire," these organizations are neither "investment nor trust." A far better term would be Security Buying Syndicates or in a great many cases it might be even more appropriate to say Stock Buying Syndicates. The management trusts are organized like the security selling syndicates of the large underwriting houses, which through years of use have become an integral part of the financial community. The liability of the participant is limited to the amount of capital that he puts up. Full authority and control is vested in the syndicate managers at their absolute discretion, with no more sereve conditions nor limitations than are provided by the ordinary selling syndicate agreement. If we first define these organizations as Stock Buying Syndicates, we can discuss their current operations and future prospects more aptly. To use the traditional term "investment trusts" is somewhat ironical under the market conditions that have recently prevailed, but having made our own definition, we can use the more familiar name hereafter.

Constructed for Depressions

With this background of both the ancient and the modern in investment trusts, the apparent ease with which they weathered the break in the market is more comprehensible. Through the absence of fixed obligations in their capital structure many of the trusts are rendered failure-proof. This brings us back to a comparison between the single investor and the organized trust. Hundreds of thousands of individual investors over-extended themselves during the market advance —a thoroughly characteristic practice in any kind of a market boom—and found themselves carrying an amount of stocks which they could not afford to protect in the break. These investors were utterly, definitely and irretrievably wiped out during the zero hour of the stock market panic. The investment trusts were not wiped out during

the break, not one single one of them. Here indeed is an important distinction.

The aftermath of the sharp decline in the market found investment trust managers particularly close-mouthed. Few were willing to discuss their affairs privately—none for publication. Still rumors have been flying thick and fast during the past few weeks and facts have a way of getting around in the financial district, so it is possible to draw a few fairly accurate generalizations, notwithstanding the heavy veil of silence. When the time comes for the investment trusts to make their accounting, it will be seen that a wide variation of quite good, only fair and extremely poor results were experienced by the various trusts.

To Make a Comparison

As far as the public record is concerned only one trust has approached the receivership degree of unfavorable experience as this is written, and this was a voluntary proceeding in order to prevent the remaining assets of the trust from becoming impaired. The outstanding shares of the leading investment trusts have fallen substantially in market value; few lost less than 40 or 50 per cent of their previous levels, a good many as much as 70 to 80 per cent of the erstwhile "top," and at least one suffered as much as 90 per cent. This "paper loss," if you prefer to call it that, is no greater in a good many cases, however, than the depreciation in some of the industrial and public utility stock values. A few groups supported the prices of their own investment trust shares until they had repurchased practically all of the stocks outstanding; others left their shares unsupported in a "free" market and the low prices that resulted in many such instances were in no way related to real values.

It is known that some of the larger trusts had been sellers of stocks on balance long before the break. The proceeds of these sales were placed on call for a propitious time to repurchase stocks. When the break came many millions of dollars were drawn down by these interests and reinvested at good profits, adding new "paper" profits to the real profits previously realized. Market profits are ungracious and unharmonious topics under such tragic circumstances as the recent market break, however, and no such officials' statements are available as yet.

It is known, however, that some of the smaller (and perhaps some larger) trusts have suffered heavy impairment of their invested assets. The worst extremes in this direction have no more comforting outlook at present than a merger with a stronger group, another bull market to justify their high priced acquisitions, or a distribution of the remaining assets at a favorable opportunity. The point remains that none of the trusts have been wiped out by the market break, and strong or weak, that is an impressive point in their favor.

Post-Panic Sentiment

The spokesman for one of the leading institutions in the financial district expressed himself privately before the market break as frankly apprehensive of the rapid growth and sudden popularity of the investment trusts. He saw an undesirable tendency for a monopoly of investment capital, control over which might be exercised by a few banking groups. He questioned the stability for the stock market that such concentration was calculated to create. He saw the investment trust as unsuited to the temperament of American investors and gravely considered the possibility of mismanagement. No doubt this represented the views of the great institution which he represented—at least it was a view that was shared by many of the more conservative factions in the financial community.

A few days after the break, the authors again had the opportunity of discussing the matter with him. This authority had utterly revamped his opinion of investment trusts. In fact a decided change in sentiment was to be noted among the former "die-hards" who had previously expressed open disapproval of this new investment vehicle. Why the changed sentiment? Simply this—a vivid picture of the contrast between the investment trusts and the individual investors during a stock market panic was still fresh in their minds. And by contrast, the investment trusts stood out in a not unfavorable light, notwithstanding their academic frailties and their inevitable mistakes. By this new standard of valuation, the weakest of the trusts seemed to carry a vague halo of excellence when contrasted

(*Please turn to page* 168)

Continental Wheat Pool Impends—North America vs. Europe

Canadian Farmers Challenge Europe's Wheat Buyers and U. S. Farm Board Finances Great American Pool—A Major Factor in Wheat Prices

By CHARLES O. SMITH

Washington Correspondent of The Southam Newspapers of Canada

AN epic of trade is being enacted in the Canadian West, where a hundred and fifty thousand farmers, practically holding all the exportable wheat of the nation, are grimly standing pat against the blandishments and threats of the wheat buyers of Europe.

The buyers have responded with a threat that they will form an importing trust.

Now comes the U. S. Farm Board with a hundred millions of dollars to finance what amounts to a pool of United States wheat against the same buyers.

WHO will say that this achievement of the Canadian farmers in co-operative marketing will not be paralleled in the United States? Who will say that the wheat crops of the two nations will not be marketed in unison instead of in competition? Who can estimate the profound effect of such material farm uplift on the business of both countries?

The practical outcome may be a virtual Canadian-American pool. The entire wheat crop of the North American continent may be marketed, in effect, as a unit. And it may be confronted with unified European buying. Continent bargaining with continent may ensue, as the hitherto commercially backward farmers dramatically appear on the scene as the colossal exponents of big business at its greatest. Moreover, if present plans are crowned with success the favorable effect on the economic position of the farmer may extend itself throughout the business structure of the continent.

The combine of importers is still only a possibility, that of the American wheat growers is still embryonic, although already potent; but the Canadian wheat pool is a tremendous fact.

Stored to Capacity

Thousands of interior elevators on the grain-growing prairies of the Canadian West are bulging with wheat. Every kernel's space of the 87,000,000 bushels of capacity in the huge terminal elevators at Fort William-Port Arthur is filled. Along the Canadian side of the Great Lakes stand transfer elevators, all jammed with wheat. Montreal's grain bins, and Vancouver's on the other side of the continent, are full to the brim. Freight cars, distributed by the railway companies to care for this season's traffic, are being employed as side-track storage. Idle, too, are the mammoth grain carriers of the Great Lakes and empty of their grain ballast are the ocean vessels that would ordinarily be carrying Canada's wheat to Europe. The wheat of half a continent is dammed up. Never before has there been such a spectacle.

Nearly three hundred million bushels of exportable wheat are in Canadian hands—this year's crop plus last year's carry-over. The farmers refuse to let it go. Their pool is speculating with it. The pool wants more money for it than world markets offer. The pool assures its farmer-members that their wheat is worth more money. The pool can afford to wait.

This ability of wheat farmers to wait for a favorable market is something new. Grain exchange operators have been able to hold large amounts of wheat for their price. But who [illegible] before of farmers—a solid army of them—the actual growers of the wheat, being in a position to refuse to sell?

Grain statisticians forecast a short world crop. They estimate that the world has 434,000,000 bushels less wheat than last year. This points to ultimate higher prices. So, instead of rushing their wheat to market this year, instead of hurrying it to export and taking the price of the moment, the Canadians this year are holding it. They are sitting calmly back waiting until the world shall have to come to them for wheat. The Canadian wheat pool has so transformed wheat-marketing conditions in the prairie provinces that the wheat farmers out there are confidently content to buck the world market, to gamble boldly with their whole crop.

But wheat-buying countries are not suffering in the meantime. Wheat is planted, harvested, consumed, throughout the world with almost machine-like monthly rotation. One country after another, according to its climate and seasons, takes up the load of replenishing the world's supply. Europe this year had good crops. Like most farmers the world around the European wheat-producer always needs money. So he sold as fast as he harvested. The Argentine's supply is now going to the market. Argentina has no system of storage. Its wheat has to keep moving from the field to trans-Atlantic destination. So for the present Europe is getting the wheat she needs and at her price.

The Canadian grower believes that his hard, high-protein wheat is worth more than European or Argentinian wheat. But, if he followed his past procedure and rushed his wheat to Liverpool, to Holland, to Hamburg and the other markets of the world, he would get for it only the

price the Argentinian has been getting, or less. A crashed price would inevitably follow the dumping of 300,000,000 bushels into the world market. There is a singular unanimity in the Canadian decision to hold wheat this season. The regular, old-line wheat-marketing agencies have been actuated by the same motives and confidence as the Canadian wheat pool.

That the pool members should want to hold their product is not extraordinary. That they are able to hold it is extraordinary. It is a gamble. It is a collective gamble by scores of thousands of growers and the stakes are 300,000,000 bushels of wheat.

U. S. to Follow Suit

What the Canadian wheat farmers have done, the Americans may do.

How did the Canadian wheat growers accomplish the seemingly impossible—this iron-clad selling pool of farmers? There has been co-operative effort in grain-handling there for a quarter of a century. Before 1923, they had too many co-operatives. Alberta had its own; so did Saskatchewan, and Manitoba. They had co-operative stores, co-operative elevators, co-operators this and that. Just like the grain growers of the United States, but no cohesion, no uniformity of effort and competition among themselves instead of mass co-operation.

From this diffuseness of co-operative organization Canadian grain growers went to the one big pool, a tight, firm, compact association. To a similar type of corporation the Federal Farm Board is now leading the scattered co-operatives of the United States.

Alberta, in 1923, led the way to nation-wide marketing of wheat. That year Alberta signed 25,000 farmers to a five-year pooling contract. By that contract each member of the Alberta Wheat Pool agreed to consign and deliver to the association or its order at the time and place designated by the association "all of the wheat and the warehouse storage receipts covering it produced or acquired by or for him in the Province of Alberta, except registered seed wheat." This contract is legally enforceable. It has stood the test of the courts. It is an essential feature of the Canadian pool's structure.

The great grain producing province of Saskatchewan proceeded on a like plan the next year. Manitoba organized in the same way. Then the three provincial pools united in a central selling agency. They organized elevator co-operatives to buy, construct or lease interior and terminal elevators.

The Canadian Wheat Pool now markets through a single selling agency the pooled crops of more than 140,000 farmers of Western Canada. Last year it handled 200,000,000 bushels. About 75 per cent of its exports to 24 different countries was sold direct. These exports were equivalent to 15 per cent of all wheat entering into international trade. For the last two years the pool's annual turnover has averaged $257,000,000. It is the greatest business organization in the Dominion of Canada.

Hold for a Price

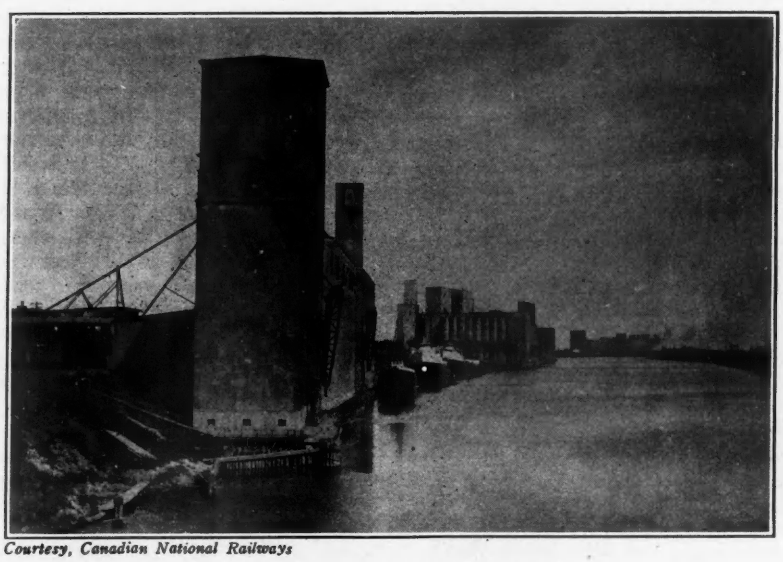
With its record of undeniable success and with its store of information acquired from agents all over the world the Canadian Wheat Pool now says to its army of farmer members: "Hold your wheat. Do not sell it for less than it is worth. Higher prices are promised by world conditions. Be patient and do not worry." So the Canadian farmer is holding his wheat, while railroad companies grumble and ship-owners complain and Liverpool looks to other sources for supplies.

Besides being the world's largest grain marketing agency the Canadian Wheat Pool owns the most extensive combined elevator system in any one country in the world. It has brought or built more than 1,000 country elevators. It owns or controls eleven huge terminal elevators. It has favorable contracts with private line elevators throughout the country. Its investment in elevators alone exceeds $20,000,000, which sum is to be the capital of the new United States grain co-operative corporation.

The Canadian Wheat Pool has financed itself. It has not gone to the government for money. The farmer officers of the farmer-owned and farmer-controlled Canadian pool look without envy to the $500,000,000 fund of the Federal Farm Board. Private contributions and small loans paid the organization expenses of the Western Canadian pools. Thereafter their first need was money to make the initial payment on the wheat in their possession. With their five-year contracts in hand and a guarantee from the provincial governments that has never been utilized, they went to the Canadian Bankers' Association and borrowed what they needed. On the security of their own collateral and on their record of sound business-like administration they have since been able to get all the money they have required from the Canadian banks. Their temporary annual bank borrowings have exceeded $65,000,000.

The Canadian Wheat Pool last year had a gross turnover of $323,000,000. It withdraws one per cent of gross sales for a commercial reserve and deducts two cents a bushel for an elevator reserve from each member's final annual payment. The commercial reserve amounts now to approximately $6,500,000 and the elevator reserve to roughly $12,000,000. The overhead administrative cost of selling the product of 140,000 wheat farmers through one selling agency last year was one-fifth of a cent per bushel.

In general structure and aims the American national co-operative grain corporation is similar to the Canadian Wheat Pool. The *(Please turn to page 140)*



Courtesy, Canadian National Railways

Grain elevators at Fort William, Ontario

American Shipping Opening New Field for Investment

Revival of the American Merchant Marine Placing Yankee Ships on the Seven Seas

By John C. Cresswill

AT the beginning of the Nineteenth Century, American commerce was mostly maritime, and the most alluring and profitable field of business adventure and investment was in shipping and trading overseas. At the time of the Revolution more people were engaged in shipbuilding and navigation in northern New England than in agriculture.

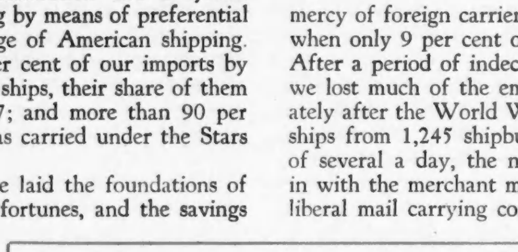
With the adoption of the constitution and a system of encouraging American shipping by means of preferential import duties came the golden age of American shipping. While in 1789 as much as 76 per cent of our imports by value were brought in by foreign ships, their share of them had fallen to 4 per cent in 1827; and more than 90 per cent of the total foreign trade was carried under the Stars and Stripes.

In those thirty-eight years were laid the foundations of most of the great New England fortunes, and the savings of all New Englanders went as enthusiastically into shares of shipping ventures as those of the modern public went into the Stock Exchange in recent years. Although a decline began to set in about 1840 the American merchant marine was the largest in the world before the Civil War, and its fast sailing ships frequented all the seas.

Many causes contributed to the decline, but after the Civil War the chief interest of American capital lay in the development of continental trade, and the railways eclipsed the waterways.

Instead of being merely on the rim of world trade we found ourselves the masters of a home trade that overshadowed anything the competitive seas could yield.

But now again the scene shifts and our continent has become an island in world trade. We have grown too great even for a continent, and our traders find themselves masters of a foreign trade that is second only to that of Great Britain which is virtually a child of the ocean.



The new 33,375-ton turbo-electric liner Pennsylvania, of the Panama-Pacific fleet, said to be the largest American-built vessel

Foreign Trade Demands U. S. Ships

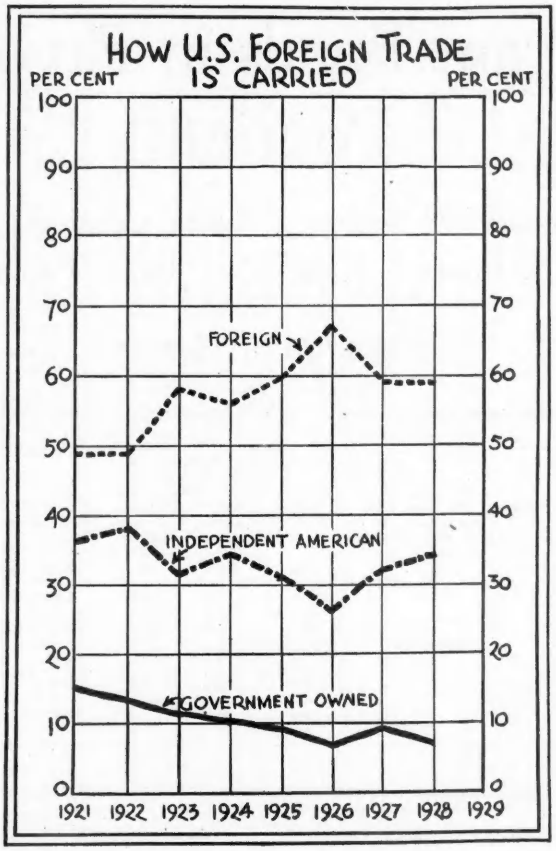
Foreign trade is again vital to our prosperity, and national policy cannot permit that trade to be at the mercy of foreign carriers, as it was before the World War, when only 9 per cent of it was carried in American ships. After a period of indecision and aimlessness, during which we lost much of the eminence gained during and immediately after the World War, when our shipyards turned out ships from 1,245 shipbuilding ways at the rate, sometimes of several a day, the new age of America on the sea set in with the merchant marine act of 1928. It provided for liberal mail carrying contracts for American ships and authorized generous loans at government security interest rates for shipbuilding enterprises. During the apparent doldrums period a considerable advance had been made through the policy of selling the better ships of the government merchant marine, built to enormous proportions during the war, to private marine companies at nominal prices. Also, the Shipping Board had been pioneering in sea trade all over the world, and when it sold ships it also sold established lines and connections.

At the height of the feverish and costly activity of the Fleet Corporation, in 1920, 43 per cent of the value of our foreign ocean borne commerce was carried in American vessels. This proportion declined to 34 per cent (40 per cent by volume) in 1928, which was, however, about four times the American flag proportion in 1911; and 28 per cent of the passenger business was American. It is the policy of Congress to bring half the foreign trade under the American

flag, and there is little doubt now that that end will be accomplished. Already agreements signed under the new merchant marine act call for the construction of more than forty new ships.

The U. S. Lines Venture

The most spectacular transaction since the new policy went into effect was the sale of the United States Lines ships to the United States Lines Operations, Inc., a private company headed by P. W. Chapman, an investment banker out of Chicago. The fleet includes the *Leviathan, George Washington, Republic* and *America*—war prizes from the German merchant marine—and the American built *President Harding* and *President Roosevelt*. These ships operate between New York and Cobh, Plymouth, Southampton, Cherbourg and Bremen. The new company is about to let contracts for three 33,000-ton ships and soon after January 1st will undertake the building of two colossal ships larger and faster than the *Leviathan*. Public participation in the financing of the new company is already a matter of record. That the moving spirit in this bold venture for a share of the focal trans-Atlantic traffic is a land-lubber come out of the West is a sign of the times.



Another impressive venture of the new American marine from a world-wide outlook is that of the Dollar Steamship Company. Under the energetic direction of its octogenarian creator, Robert Dollar, the Dollar lines have become one of the great maritime companies of the world, mostly since the war, with a fleet of 20 deep sea ships. They have bought heavily of the Shipping Board passenger ships and maintain the only regular around-the-world passenger and cargo service. Also they have prosperous trans-Pacific lines from Seattle and San Francisco. Continuing the co-operation with the Shipping Board which has been so successful, the Dollar Steamship Company has recently let contracts for two new vessels of 33,000 tons displacement, which will enter the round-the-world service—and contemplates two more. These vessels will cost about $7,500,000 each. The Shipping Board advances three-fourths of the cost and is to be repaid in twenty annual installments. Four Dollar ships are to be reconditioned under a like co-operative arrangement.

Tying the Pacific to America

Another American line that has expanded greatly since the war is the Matson Navigation Company of San Francisco, which owns 25 ships in the deep sea services besides owning, jointly with the American-Hawaiian Company, the Oceanic & Oriental Navigation Company, with its 11 freighters purchased from the Shipping Board. The flagship of the Matson lines is the new *Malolo*, the largest ship ever built in an American yard at the time of her commissioning in 1927, and said to be the largest and finest ship in the Pacific trade under any flag. She plies between San Francisco and Hawaii. Four other passenger-cargo ships are in the Matson Hawaiian trade. Through its ownership of the Oceanic Steamship Company the Matson group is now in the Australian trade with three passenger-cargo ships. Three freighters are in the Philippine service. Through the eleven Oceanic & Oriental Navigation Company freighters it is in the New Zealand, Australian and Philippine trades. The O. & O. also serves Chinese ports and French Indo-China. The Matson lines have recently contracted with the Shipping Board for the building of two great passenger-cargo ships for the San Francisco-Manila routes.

The Munson Line, with its fine fleet of "President-535's" purchased from the Shipping Board, now provides the fastest service to Buenos Aires and Rio de Janeiro and the Grace Line has wonderfully developed trade to the west coast of South America.

Shipping Board financing has been instrumental in the building for the American Line Steamship Company, operating between New York and San Francisco, the three superb ships, *California, Pennsylvania* and *Virginia,* the three largest products of American shipbuilding yards. The *Pennsylvania,* the last to be completed, went into service in October.

Cheap Money for Ships

Loans recently nave been made to the Minnesota-Atlantic Transit Company, the Eastern Steamship Lines, the Motor Tankship Corporation, the Robert E. Lee Steamship Company, the Cherokee-Seminole Steamship Corporation, the Coamo Steamship Company, the New York and Miami Steamship Corporation, Eastern Steamship Lines for the construction of eleven passenger and seven freight ships. Loans have been authorized to the courageous Export Steamship Corporation for four ships, for the Mediterranean trade; to the Atlantic, Gulf and West Indies Steamship Company (Ward Line) for two ships for the Havana route, to the Grace Steamship Company for one ship for the west coast of South America, and to the American South African Line for one ship. Loan negotiations are pending with nine companies; not including the United States Lines' proposed trans-Atlantic passenger ships. The total amount available for construction loans is a revolving fund of $250,-

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BONDS

SHELL UNION
Deb. 5s '49

Warrant Bonds in Favorable Position

Obligation of Strongly Situated Company Combines Attractive Yield With Profit Possibilities

By Mortimer A. Jurgens

Shell Union Oil

Interest Requirements of Present Funded Debt	Year	Net Income (millions)	Interest Times Earned	Earnings per Share
$6,361,225	1924	$25.9	4.1	$1.74
	1925	25.2	4.0	1.93
	1926	38.8	6.2	3.04
	1927	13.5	2.1	1.09
	1928	25.4	4.0	2.04
	1929 (6 mos. June 30)	11.4	1.8	*3.00

*Estimated.

In an effort to combat the adverse influences which have prevented oil companies generally from achieving a degree of prosperity and stability resembling anything like a reasonable ratio to the fundamental importance of the petroleum industry, there has been a pronounced tendency toward the complete integration of operations on the part of those companies whose destinies are in the hands of foresighted executives. Attempted corrective measures have not been solely toward a union of all of the major phases of the industry but the accomplishments in that direction thus far have been of a more tangible nature. Companies heretofore engaged solely in the production of crude oil have increased their scope to include refining, marketing and transportation and refining and marketing units have acquired producing properties. With this development many companies have unfolded important plans for the extensive broadening of their sales territory and in the case of several of the larger companies, expansion has been so rapid that their products are now finding a national market. In this manner, and through cooperation and the adherence to more ethical business practices, is the groundwork being completed for the eventual stabilization of the industry.

The Shell Union Oil Corp., the most important unit in the Royal Dutch-Shell group, has taken a prominent and aggressive part in the developments discussed in the preceding paragraph, having spent an average of $100,000,000 during the past two years for additional properties and facilities and it is estimated that expenditures in the current year will closely approach $200,000,000. A brief comparison of the present day status of the company with that at the time of its incorporation in 1922 reveals the breadth of the progress which has been made. Operations embrace every phase of the industry from research and exploration to the extensive marketing of refined products; crude oil production has tripled since 1922; refinery capacity is five times greater and pipe lines are able to handle 270,000 barrels daily in contrast with about 50,000 barrels in the earlier days of the company's existence.

Gaining Production

Total net production of crude oil in 1928 exceeded 47,788,000 barrels, a substantial gain over the 36,617,700 barrels produced in 1927 and an impressive increase in comparison with 1922 when net production totaled 16,644,000 barrels. On the basis of 1928 output, the company now ranks as the third largest domestic producer. Refinery facilities have a daily capacity of 290,000 barrels and average refinery runs in 1928 were 165,000 barrels daily or about four times greater than in 1922. While it is not likely that the existant restrictions placed by the company on its production will be removed in the near future, output could be substantially increased and it is interesting to note that present refinery capacity is sufficiently in excess of current demands to readily handle any subsequent increase in crude production. Shell Union either owns or controls a comprehensive network of pipe lines exceeding 3,500 miles and present storage facilities have a capacity of more than 34,000,000 barrels.

Preparations of the company to extend its marketing outlets to every section of the country were signalized by the acquisition of certain assets of the New England Refining Co., owning extensive distributing facilities in the New England states. These properties have been vested with a subsidiary company, Shell Eastern Petroleum Products, Inc., and the rapid increase in the number of Shell's gold and red trade marks along the Atlantic seaboard and in

New England foreshadows an aggressive invasion of Standard Oil strongholds. Shell also has a 50% interest in a Canadian marketing organization and in 1928 acquired a large interest in the Flintkote Co., an important manufacturer of shingles and roofing materials.

Recent Financing

The necessary funds with which to carry out these various projects have been made available largely through public financing, the company having sold bonds, preferred and common stock during the past two years. The latest financial operation involved the sale of $50,000,000 5% sinking fund gold debentures, due 1949, increasing the total funded debt to $127,224,500. In addition, however, there are 4,000,000 shares of 5½% convertible preferred stock, $100 par value, and 13,066,336 shares of no par common stock outstanding at this time.

The 5% debentures, due 1949, are without specific mortgage lien upon any portion of the company's properties, constituting merely a credit obligation. That fact, however, does not preclude a sound rating for the issue, the satisfactory margin of protection which earnings afford for interest and sinking fund requirements and the substantial junior equity for the funded debt represented by the current market value of the preferred and common stock, providing ample protection.

The company's balance sheet as of June 30th, 1929, adjusted to give effect to the issuance of the bonds in question, carried net assets at a figure in excess of $437,500,000 or nearly 3½ times the total funded debt. Current assets totaled $158,468,300 and total current liabilities amounted to only $26,423,850. The vicissitudes of the petroleum industry are reflected in a somewhat irregular record of earning but in those years in which conditions have been comparatively favorable, the showing made by the company was quite inspiring. For the year ended December 31st, 1928, consolidated net earnings were $69,421,580, an increase of more than $22,400,000 over the previous year, and after deducting over $44,000,000 for depreciation, depletion and drilling charges, the balance available for interest charges on the entire funded debt as presently constituted was equal to about four times the required amount. The exceptionally liberal write-off for depreciation, etc., is characteristic of the company and exemplifies the conservative policies of the management. Incidentally, it may be said that the margin of earnings available for funded debt service last

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Bond Buyers' Guide

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Panama 5½s, 1953 (a)	....	...	102½GT	99	5.8	5.6
Argentine 6s, 1959 (a)	....	...	100	99	6.1	6.1
Haiti 6s, 1952 (b)	....	...	100	98	6.1	6.2
Dominican 5½s, 1942 (a)	....	...	101G	92	6.0	6.4
Chile 6s, 1960 (a)	....	...	100	90	6.7	6.8

Railroads

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Pennsylvania 5s, 1964	....	3.25	102T	102	4.9	4.9
Illinois Central 4¾s, 1966	....	1.75	102½GT	98	4.8	4.9
Central Pacific Guar, 5s, 1960 (a)	....	2.25	105GT	100	5.0	5.0
Atchison, Top, & S. F. Conv. 4s, 1955	267.4	5.51	110	85	4.7	5.0
Rock Island-Frisco Terminal 1st 4½s, 1957 (d)	....	X	102½T	92	4.9	5.0
Missouri Pacific 1st & Ref. 5s, 1977 (a)	125.2	1.28	105A	99	5.1	5.1
N. Y., Chic. & St. L. Ref. 5½s, 1974 (a)	59.6	2.12	105	105	5.2	5.2
Western Pacific 1st 5s, 1946 (b)	....	1.27	100	98	5.1	5.2
Central of Georgia Ref. 5½s 1959	31.1	1.56	105AG	103	5.3	5.3
Chic. & W. Indiana 1st Ref. 5½s, 1962	49.9	1.50	105	103	5.3	5.3
Great Northern Gen. A 7s, 1936 (b)	139.8	2.36	....	110	6.4	5.3
Wabash Ref. & Gen. 5½s, 1975 (a)	62.4	1.75	105AG	103	5.3	5.3
Southern Railway Dev. & Gen. 6s, 1956	133.8	2.48	....	115	5.2	5.4
Nor'n Pacific Ref. & Impr. 6s, 2047 (a)	166.7	2.43	110G	112	5.4	5.4
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 (b)	13.9	X	107½T	107	5.6	5.5
Balt. & Ohio Ref. & Gen. 6s, 1995 (a)	284.2	2.05	107½AG	108	5.6	5.5
Minn., St. Paul & S. S. M. 1st 4s, 1938	....	1.59	....	87	4.6	5.9
Cuba R. R. 1st 5s, 1952	....	2.78	....	87	5.7	6.0

Public Utilities

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Indiana Natural Gas & Oil Ref. 5s, 1936	....	2.62	....	101	4.9	4.8
Pacific Gas & Elec. Gen. Ref. 5s, 1942	34.6	1.92	105T	100	5.0	5.0
Consol, Gas of N. Y. Deb. 5½s, 1945 (a)	....	5.40	106T	105	5.2	5.0
Columbia Gas & Elec. Deb. 5s, 1952	....	5.15	105T	99	5.1	5.1
Utah Power & Light 1st 5s, 1944	....	2.90	105	99	5.1	5.1
Montana Power Deb. 5s, 1962 (a)	34.7	2.67	105T	97	5.2	5.2
Detroit Edison 1st & Ref. 6s, 1940 (b)	14.0	3.27	107½T	106	5.7	5.3
Hudson & Manh'n 1st Ref. 5s, 1957 (b)	5.9	2.63	105	96	5.2	5.3
Postal Tel. & Cable Co. Tr. 5s, 1953	0.6	1.99	105	92	5.4	5.6
Amer, W. Wks. & El. Deb. 6s, 1975 (a)	12.7	1.43	110	105	5.7	5.7
Seattle Electric—Seattle Everett 1st 5s, 1939 (d)	....	2.01	105	94	5.3	5.8
Phil. Rap. Trans. 6s, 1962 (c)	10.0	1.31	105	93	6.4	6.5
Twin City Rap. Transit 1st & Ref. 5½s, 1952 (b) (d)	4.4	1.68	105T	72	7.6	8.2

Industrials

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Youngstown Sh. & Tube 1st 5s, 1978 (a)	....	3.74	105T	100	5.0	5.0
Allis Chalmers Deb. 5s, 1937 (a)	....	4.61	108T	100	5.0	5.0
Gulf Oil Deb. 5s, 1947 (c)	....	4.59	104AT	100	5.0	5.0
Amer. Cyanamid Deb. 5s, 1942	....	9.52	100	97	5.2	5.3
International Match Deb. 5s, 1947 (a)	....	57.03	103T	95	5.3	5.4
Chile Copper Deb. 5s, 1947 (a)	....	5.69	102T	96	5.3	5.5
Sinclair Pipe Line 5s, 1942 (a)	....	3.68	103	92	5.4	5.9
B. F. Goodrich 1st 6½s, 1947 (a)	....	2.61	107A	106	6.1	5.9
U. S. Rubber 1st & Ref. 5s, 1947 (b)	2.6	1.70	105A	86	5.8	6.4
Loew's Inc., 6s, 1941 (ex-war) (a)	....	6.70	105AT	90	6.7	7.3

Short Terms

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Amer. Cotton Oil 5s, May 1, 1931	....	19.32	105	99	5.1	5.7
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931 (a)	17.3	2.12	102	100	6.0	6.0
Brooklyn Edison 6s, Jan. 1, 1930 (a)	12.0	5.87	105	100	6.0	6.0

Convertible Bonds

	Conv. Into	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Inter'l Tel. & Tel. Deb. 4½s, '39	Com. @200	6.02	102½	140	3.2	...
Atch., Top. & S. F. Deb. 4½s, '48	Com. @166.6	5.51	102	141	3.2	...
N. Y., N. H. & Hart. 6s, '48	Com. @100	1.09	...	127	4.1	3.9
Chesapeake Corp. Col. Tr. 5s, '47	C&O @196	2.45	100	97	5.2	5.3
Amer. Inter'l Corp. Deb. 5½s, '49	Com. @ 80	2.34	105	99	5.6	5.6

All Bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter.

Railroad Preferred Stocks Offer Investment Attraction

Cheaper Money and a Sounder Recognition of Investment Safety Destined to Revive Interest in Senior Obligations

By MARTIN C. POWELL

WALL STREET psychology is about ready for another change. For the first time in many months indications are in evidence of a growing interest in senior investment issues.

The long duration of the "Coolidge Bull Market," followed by the "Higher with Hoover" movement, fired public imagination to a point where speculation has run rampant. Over the past two years, at least, the majority of all security purchases have been made with the one idea in the mind of the buyer—"How high will it go?" Income return has been given scant consideration. The tremendous liquidation that has taken place has greatly lessened the demand for money and rates are materially lower. The Federal Reserve has recently reduced the rediscount rate. Funds that were loaned out at high rates, until lately, will be obliged to seek employment elsewhere. As a result, a broad buying movement in sound, income paying investment issues may develop at any time.

Potentialities of Railroad Preferreds

Dividend paying railroad preferred stocks, undoubtedly, will prove popular, once the trend of public buying turns to investments. The railroads have always been considered as the "backbone" of the nation. The close governmental supervision, exercised through the Interstate Commerce Commission, militates against the setting up of unsound financial structures and, through Federal laws and constitutional protection, the carriers are virtually guaranteed of a "fair return on invested capital." No other class of securities enjoys greater public confidence than those of the railroads of the United States.

FROM the various stocks mentioned in this article ten issues have been selected that offer diversification, possibilities for enhancement in value and an average yield of just over 6%.

Stock	Yield
Chicago & Northwestern	5.05%
Rock Island 7%	6.70%
Erie 1st	6.80%
Gulf, M. & Nor.	6.45%
Kansas City Sou.	5.97%
Mo., Kan. & Tex.	7.07%
Mo. Pacific	4.20%
New Haven	5.83%
Frisco	6.60%
Wabash A	5.56%
Average Yield	6.04%

In the accompanying tabulation is given a list of the principal dividend-paying railroad preferred stocks which are listed on the New York Stock Exchange. There is only a handful of these issues and the comparatively limited amounts available place these stocks in an unusually sound technical position. The action of the good railroad preferred stocks all through the demoralized markets of the closing days of October has been noteworthy and aside from several special instances where prices were governed, through convertible features or otherwise, by common stock prices, the extent of the decline in these issues has been comparatively limited.

The table referred to gives the dividend rate, approximate market price, yield, indicated earnings, price range, and other miscellaneous data with respect to thirty listed railroad preferred stocks, all of which are earning and paying their respective dividends. The issues are arranged alphabetically and each issue, however, has been given a group designation of I, II, or III, in accordance with our evaluation of investment merit.

Three Major Groups

In Group I will be found stocks of the very highest grade with long established dividend records and a very wide margin of safety over requirements. In most instances, the yield is below 5% and few of these Group I stocks are attractive to any but the investor of utmost conservatism. Three of the stocks in this group, however, warrant special mention.

Chicago & Northwestern preferred is entitled to $7 a share in preference to the common. After common has received $7, preferred is entitled to an additional $3, then common $3, after which both classes share alike in any further disbursements. The initial dividend on this preferred stock was paid in 1864 and from 1878 to date it has a record in which the rate was 7% or above in all but one year. The issue has always been popular with investors and in pre-war years the stock sold consistently well above $200 a share.

This system operates over 8,400 miles of road, extending westward and northward from Chicago and connecting with the Union Pacific at Omaha. Preferred stock, outstanding in amount of only $22,395,000 is followed by $150,477,000 common, now paying $5 dividends. Gross earnings for the first 8 months of 1929 were exceeded only by the like period of 1923, and estimated net earnings for the full year are placed at $66 on the preferred and about $8 on the common, after allowing for the preferred's participation

Favorable action by the Interstate Commerce Commission on the recommended increase in class freight rates in the western trunk line territory should be of substantial benefit. The $7 preferred dividend is being covered by a very wide margin and the eventual probability of overtures from Union Pacific for consolidation purposes suggest unusual possibilities for the stock.

Illinois Central preferred is convertible, par for par, into the common stock which is paying 7%. The margin of safety over common dividends is rather narrow and the immediate outlook discloses nothing sensational. Nevertheless, the very wide margin for the preferred and its long dividend record give it great strength as an investment and at some future time the convertible feature might have considerable value.

Reading 2nd preferred is an unusual convertible issue, as it is exchangeable, at the option of the company, into one-half first preferred and one-half common. So far as safety is concerned, the stock is of the highest grade and because of the convertible feature the issue sells slightly above the first preferred. It does not seem, however, that the possibility of such an exchange being made is sufficient to warrant a purchase at the low yield basis at which it is available.

The issues grouped under classification II are thoroughly sound investment issues, but not quite as strong as those of Group I. Some very attractive yields are obtainable among these stocks as they range from 5.80% to 6.57%.

Chicago, Rock Island & Pacific 7% and 6% preferred stocks rank equally both as to assets and dividends, except that the 7% issue has preference and priority to 1% per annum. Both classes are cumulative up to 5% per annum. The issues are redeemable, in whole, at 105 and 102, respectively and this fact militates against the possibility for any extended advance above call prices. However, there is no great likelihood of an early redemption of either issue and such risk is offset by the attractive yields. The system operates more than 8,000 miles of road in 14 states. Working control of the Rock Island is held by the St. Louis-San Francisco and the ultimate merger of the two properties is a logical expectation. Since a reorganization in 1917, Rock Island has made great strides in the upbuilding of its properties and the development of its business. Dividend requirements of both classes of preferred stocks are covered by a substantial margin and their yields are unusually attractive.

Kansas City Southern preferred enjoys an unbroken dividend record dating from 1907. The company is one of the smaller systems, but an important one, operating 865 miles of road, forming the shortest route from Kansas City to the Gulf of Mexico. A large development program of former years has brought the property to a high state of efficiency. Common stock paid an initial quarterly dividend of $1.25 on May 1st of this year, placing the issue on a $5 per annum basis. Preferred stock, at current prices, yields approximately 6% and appears to be in a position to show fair appreciation in value under investment buying.

N. Y., New Haven & Hartford preferred presents substantial possibilities because of its being convertible, share for share, into the common stock. This common stock is very favorably regarded and until the collapse of the

(Please turn to page 138)

Dividend Paying Railroad Preferred Stocks

Listed on the New York Stock Exchange

Grouping (See Text)	STOCK	Dividend Rate n.c.= Non-cumulative		Recent Market Price	Yield	Call Price	*Indicated 1929 Earnings per Share	*Actual 1928 Earnings per Share	*Ten Year Average 1918-1927	1929 Price Range High	Low
I	Atchison, Topeka & Santa Fe.......	n.c.	$5	101½	4.93%	..	$54.7	$40.2	$34.1	104¼	99
I	Baltimore & Ohio	n.c.	4	80	5.00%	..	60.8	49.4	24.1	88½	75
III	Bangor & Aroostook		7	108½	6.45%	110	33.3	28.2	19.1	115	105
III	Buffalo, Rochester & Pitts. (1)......	n.c.	6	95	6.30%	..	16.4	14.3	10.2	105	98
III	Buffalo & Susquehanna		4	72	5.56%	..	10.4	7.5	9.5	83½	51⅛
I	Chicago & Northwestern (1)........	n.c.	7	138½	5.05%	..	66.0	53.8	43.9	145	134
II	Chicago, Rock Island & Pacific......		7	105	6.70%	105	27.5	24.6	18.2	109	105¼
II	Chicago, Rock Island & Pacific......		6	95	6.30%	102	26.5	23.6	17.2	102⅞	98
I	Cleve., Cin., Chic. & St. Louis....		5	112	4.50%	..	110.8	88.2	71.4	108	108
II	Colorado & Southern 1st	n.c.	4	69	5.80%	100	49.4	49.4	24.8	80	68¼
II	Colorado & Southern 2nd	n.c.	4	69	5.80%	100	45.4	45.4	20.8	72½	64
III	Erie 1st	n.c.	4	59	6.80%	100	28.0	.20.9	11.6	66¼	57
III	Erie 2nd	n.c.	4	59	6.80%	100	71.7	50.5	22.9	63⅞	56
III	Gulf, Mobile & Northern (2)........		6	87	6.90%	..	9.9	8.4	6.4	103	90½
I	Illinois Central (4)	n.c.	6	130	4.60%	115	72.1	66.3	(a) 92.0	153⅛	120
II	Kansas City Southern	n.c.	4	67	5.97%	..	16.2	14.0	(b) 9.9	70⅛	63¾
III	Missouri, Kansas & Texas...........		7	99	7.07%	110	11.4	12.5	16.2	107½	99
III	Missouri Pacific (3) (4).............		5	121	4.20%	107½	17.7	13.2	5.3	147⅞	120
II	New York, Chicago & St. Louis.....		6	106	5.66%	110	25.6	17.6	21.9	109¼	100
II	N. Y., New Haven & Hartford (4)..		7	120	5.83%	115	43.3	32.6	....	134¾	114⅝
I	Norfolk & Western	n.c.	4	87	4.60%	..	179.0	133.6	86.5	96	62
I	Pere Marquette, Prior		5	94	5.30%	100	92.2	76.6	39.8	101	95¼
I	Pere Marquette		5	93	5.40%	100	78.4	63.5	31.4	97	92
I	Reading 1st	n.c.	2	45½	4.40%	50	30.3	29.9	(c) 32.0	50	44
I	Reading 2nd (4)	n.c.	2	46	4.35%	50	18.9	16.6	(c) 20.0	60¾	43⅝
III	St. Louis-San Francisco	n.c.	6	90	6.60%	115	24.0	16.63	....	96½	91
III	St. Louis Southwestern	n.c.	5	89	5.62%	..	8.2	8.8	11.2	94	87
I	Southern Railway	n.c.	5	97⅛	5.13%	100	35.4	32.1	20.7	99¼	98
I	Union Pacific	n.c.	4	81⅛	4.91%	..	53.8	46.3	36.4	85⅛	80½
III	Wabash Pfd. A (1)..................	n.c.	5	90	5.56%	110	12.6	9.2	5.3	104⅞	88¼

(1) Participating. (2) $16.50 accumulated. (3) $49.75 accumulated. (4) Convertible. Also see text. (a) 6 years. (b) 7 years. (c) 5 years. * Per Standard Statistics Co.

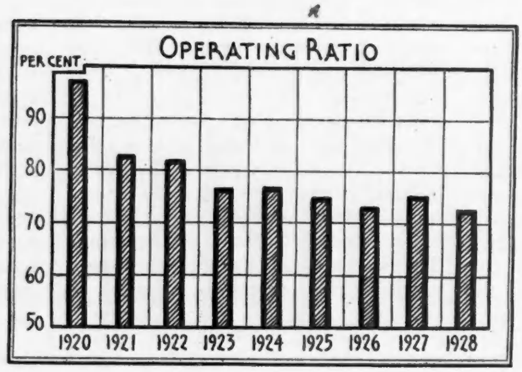
BALTIMORE & OHIO

Investment Rail in New Status

Improvement in Financial and Earnings Position—Consolidation Prospects

By Robert E. Stanlaws

THE September increase in Baltimore & Ohio's common dividend from $6 to $7 a share annually marked another milestone in the progress of this road to a position which ultimately promises to make it one of the country's largest trunk lines. This, the highest rate B. & O. has paid since the reorganization in 1899, is an index of the status to which it has been brought by the skillful handling of the road's affairs since passing of Government railroad control in 1920.



The first of the post-war milestones was passed with the resumption of common dividends at a $5 rate in 1923. Thereafter followed a period of further improvement in earnings and finances which brought the road to a second turning point. In 1927, a long desired balancing of capital structure was accomplished by offering stockholders new common shares, as a result of which funded debt was cut from the unwieldy and financially top-heavy 73% of total capital, or a ratio of approximately three to one, to the more desirable ratio of two to one, thus effecting a permanent improvement in financial set-up.

Prospective Stock Financing

More progress in this respect would be desirable and will probably be realized in the course of time. In other words, it seems likely that further financing will be accomplished through the medium of new common stock offerings, involving subscription rights to shareholders, as a matter of fixed policy. The recent increase in dividends tends to support such an assumption inasmuch as experience suggests that a 7% rate is prerequisite to the maintenance of railroad common stocks at a reasonable premium above par value (below which there is a legal inability to finance with junior stock) under conditions averaged over a term of years to cover all variations of industrial and market situations.

Probably the next important objective, and the one at which it may be suspected the financial and dividend changes of late years probably point, is the transformation of the B. & O. from its present status as a strong, to one of the strongest and most important of the eastern transportation systems, through consolidations.

In this connection it may be observed that while Baltimore & Ohio has made substantial gains in earning power over the last few years, a large part of this improvement may be attributed to greater control over operating expenses. Total operating revenue increased irregularly from 200.34 million dollars in 1920 to 252.36 millions in 1926 and from that level declined to 236.82 million dollars last year. Net operating revenue, however, rose from 35.82 millions in the first named year to 66.06 millions in the 1926 period and tapered off only moderately to 64.27 million dollars for 1928. The gain between 1922 and 1926, amounting to 52 million dollars gross, entailed an increase of but 21 million dollars in operating expense, signifying a material betterment in the handling of the property, an improvement in efficiency that is also expressed in the drop of operating ratios from 82.16% in 1922 to 73.83% four years later. Additional savings in operating costs last year prevented the lower gross from being translated into a corresponding loss of net, the ratio for that year being down to 72.86%, the lowest of the post-war period and, incidentally, nearly 1% under that of the Pennsylvania Railroad and 2.45% better than that of New York Central, Baltimore & Ohio's two great rivals.

This is an extremely satisfactory showing, and in itself could be considered sufficient to set Baltimore & Ohio common on a higher investment plane than the stock has enjoyed in previous years. Making allowance for the rather wide fluctuations in revenue freight tons miles characteristic of the road's annual record over a long period, the secular trend of traffic volume shows a consistent, underlying expansion which may be expected to continue. From this standpoint, and in view of the high standards of operating efficiency prevailing, it is reasonable to conclude that B. & O. should average an annual per share income comparing favorably in the future with that attained in more recent years.

It is plain, however, that there are inherent limitations upon the management's ability to expand net earnings continuously through reductions in operating expenses and that, as the system now stands, inconsistencies which in the past have temporarily marred the record, might conceivably recur. These inconsistencies spring largely from the fact that Baltimore & Ohio is primarily a freight carrier and of its freight tonnage, more than 40% normally arises from the transportation of bituminous coal.

The preponderance of soft coal, as well as the relative importance of iron ore and manufactured iron and steel products as sources of tonnage, tend to make the system more sensitive to

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the state of general industrial prosperity, and especially to the movement of bituminous coal, which is frequently influenced by labor disturbances, than is the case with roads whose traffic is more diversified.

Irregularities on this account are likely to be less aggravating henceforth, however, as a result of the better balanced capital structure, since with the higher ratio of common stock outstanding, variations in net are not so fully reflected in per share earnings. Moreover, the irregularity of freight movement is partially compensated by more efficient handling and a generally high traffic density. Baltimore & Ohio originates approximately 63% of its own traffic, owing to the rich industrial territory served and the favorable location of its lines.

As the first of the leading railways built in the United States, it was enbled to secure most favorable routings. From tidewater at Baltimore, the road has the shortest line to such middle western gateways as St. Louis, Chicago, Cincinnati, Cleveland and Pittsburgh. Traffic flow between these points is very well balanced inasmuch as there is a northwestern and eastern flow of coal and steel shipments, counterbalanced by returning movements of iron ore, manufactured commodities and the like. Such movements, obviously, make for high average utilization of equipment.

In the event that Baltimore & Ohio should succeed in carrying out present ambitious consolidation plans, it is probable that a considerable betterment would result internally as well as externally. That is to say, should the Baltimore & Ohio unification plans materialize in their entirety, an improvement in traffic diversity would probably result, along with more effective routing and handling, than is possible as the system is now constituted.

From the standpoint of its broader aspects, Baltimore & Ohio's proposed consolidation plan would elevate the system to a competitive position equaling that of the other roads in the tentative four-system plan, giving B. & O. a total of 14,000 miles, compared with the 5,277 miles of line now owned and operated.

Specifically, consummation of the proposed unification program would improve Baltimore & Ohio's position in middlewestern territory by opening new avenues of traffic to it in the west and south through control of such roads as the Wabash and Ann Arbor. Access to New England territory would be obtained by control of the Lehigh & New England Railway and acquisition of interests in certain other lines serving this area, while its position in the Pittsburgh district would be strengthened through the proposed joint control of four other roads, including the Pittsburgh & West Virginia, which very recently, however, was acquired by Pennsylvania's offspring, the Pennroad Corp.

By the acquisition of an interest in the Western Maryland, which would form a part of the new system and which acquisition has been frowned upon by the Interstate Commerce Commission, Baltimore & Ohio is enabled to effect a reduction in traffic congestion on its eastbound lines by diverting freight over the former's lines to Shippensburg, Pennsylvania, and thence over the lines of the Reading into Pennsylvania, New York and the territory embraced by New England.

Inasmuch as B. & O. is dependent upon the Reading and Central of New Jersey for access to New York Harbor, undisputed control of these two roads is held essential to its welfare as a strong, major trunk line. At present, the road secures entry for its traffic into New York over the lines of the Jersey Central and the Reading from Philadelphia to Jersey City, but the lack of terminal facilities in New York City proper has long proved a handicap in handling business, and especially in the development of passenger traffic.

As already stated, Baltimore & Ohio is primarily a freight carrier. Passenger traffic constitutes approximately 12% of the total, compared with about 20% for the Pennsylvania. The sensitivity of earnings to soft coal movements tends to heighten the desirability of diversifying income through increasing volume of passenger traffic. In an effort to achieve that end, the road gave up its use of the Pennsylvania station in New York City in 1926 and established waiting rooms and ticket offices in the metropolitan area, transporting passengers by buses to its own terminal in New Jersey. Thus far, it is difficult to determine, from annual earnings reports, how effective these measures have been, for, as has been the case with most roads, passenger revenues continue to reflect the adverse influence of competing means of transportation.

It would seem, however, that Baltimore & Ohio's position in this respect also would be subject to material bet-

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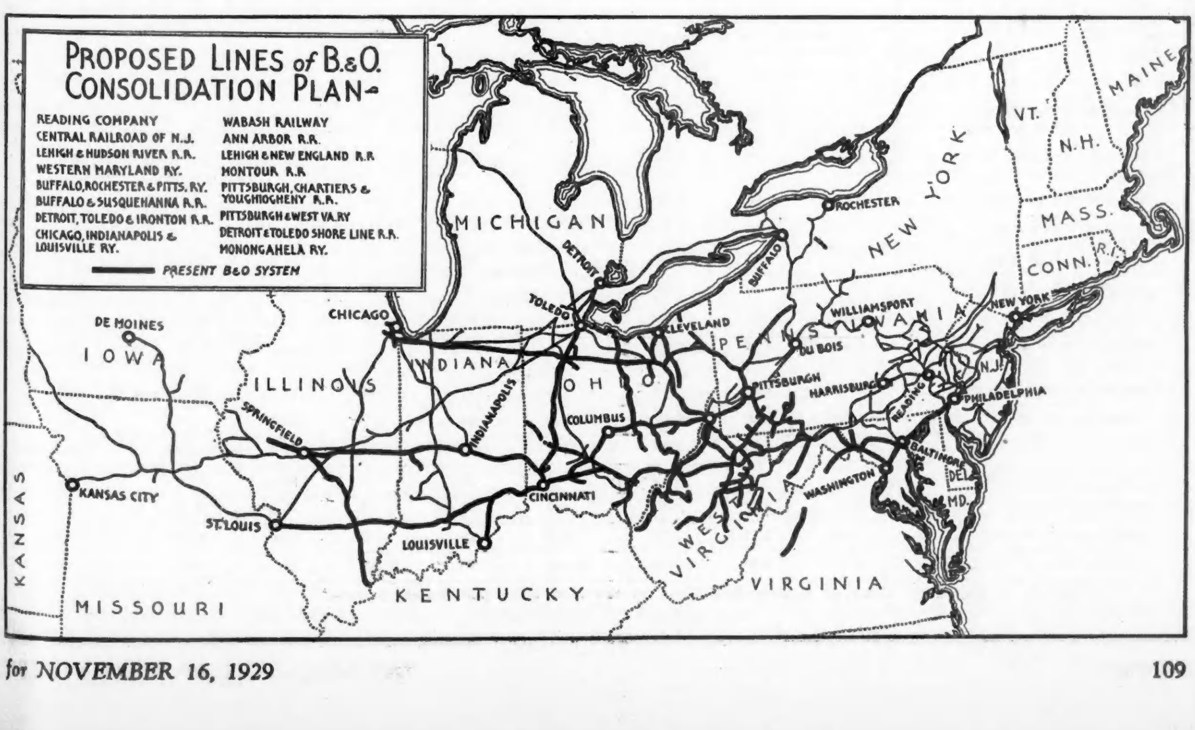


Severe Deflation of Utilities Gives New Basis of Market Appraisal

A Field of Opportunity for the Discriminating Investor

By William Knodel

NEWTONIAN law, to phrase it popularly, states that action and reaction must be equal. Whatever sinister force or influence it might have been, the fact remains that the group of stocks hardest hit in the market crash within the past month has unquestionably been the public utility stocks. But preceding this extremely sharp break in the utility shares, there occurred during the first nine months of the year a long and almost uninterrupted rise in this class of securities that was little short of miraculous. The current level of prices is back to where it was in August of 1928.

Rapidly increasing earnings, mergers, consolidations and the formation of gigantic holding companies, together with the generally favorable outlook for the utility industry, were all factors stimulating widespread accumulation of these common stocks during the spectacular rise. So insistent was the buying both by individuals and by investment trusts over a prolonged period that prices naturally soared to unprecedentedly high levels. Prices were discounting developments many years in advance and were out of line with near term earning power or with intrinsic value.

Steady Growth Feature of Industry.

Ignoring the market phrase for the moment, unquestionably public utility stocks constitute one of the most desirable types of securities for investment holding, because over a long period of years the business of these companies has shown a steady and uninterrupted growth. This applies particularly to the electric business and to a lesser degree to the gas business as well. The former, for instance, shows an average annual increase since 1921 of about 12½% in output each year over the preceding year, and even in a year of mild depression such as 1924, the gain over the preceding year amounted to about 6.5%. The growth in manufactured gas business shows an average annual gain of over 5.5% since 1921.

Not alone has the past development of the electric business been remarkable in growth, but the technical accomplishments and the effect on domestic and industrial life are also noteworthy.

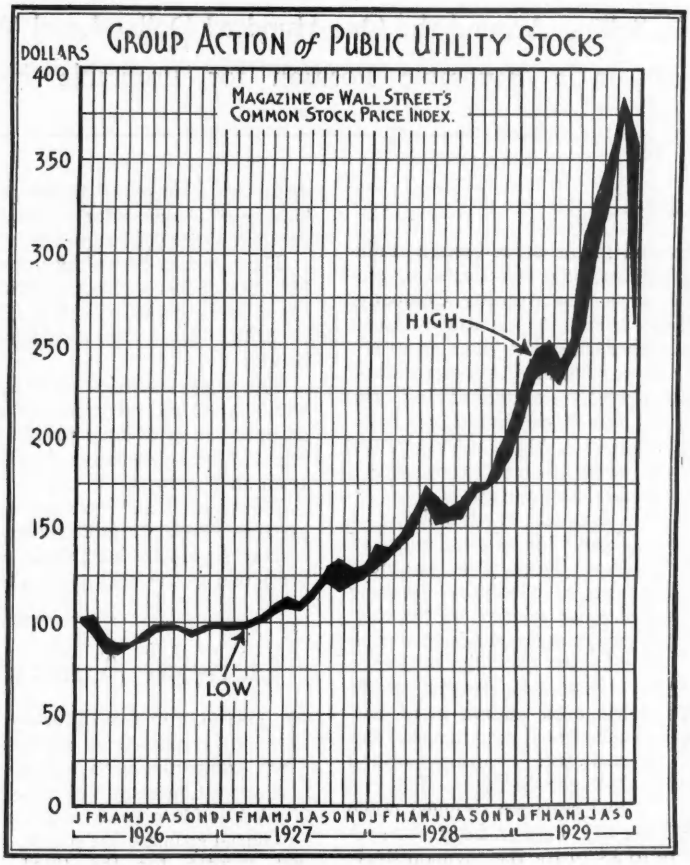
Earnings and Price Range of Leading Public Utility Common Stocks

	Net Earnings per Share			Price Range, 1929					
	1927	1928	12 months, June 30, 1929	High	Low	Recent Price	Times Earnings	Dividend Payment	% Yield
American & Foreign Power	0.68	1.22	3.43	199¼	50	69	20.2	......	..
American Power & Light	4.63	4.48	5.00	175¾	73⅝	75	15.0	$1.00† 4% stock	5.3
American Waterworks & Elec	2.69	3.50	3.94	199	65	71	18.1	$1.00† 5% stock	6.4
Brooklyn Union Gas	7.66	8.09	8.25*	248½	100	122	14.8	$5.00	4.1
Columbia Gas & Elec	2.12	2.76	2.90	140	52¼	71	24.4	$2.00	2.8
Commonwealth & Southern	...	...	0.85*	29	10	14	16.5	5% stock	5.0
Consolidated Gas of N. Y.	3.99	4.52	4.80*	183¼	88⅛	98	20.4	$4.00	4.1
Electric Power & Light	2.09	2.37	2.69	86⅝	32⅛	39	14.5	$1.00	2.6
Engineers Public Service	0.82	2.18	2.69	79⅝	31	40	14.9	$1.00 †4% stock	6.5
Louisville Gas & El. "A"	2.06†	2.38†	2.49†	72⅝	28	37	15.5	$1.75	4.7
National Power & Light	1.59	1.93	1.99	71⅞	25¼	32	16.1	$1.00	3.1
Niagara Hudson Power	...	...	0.70*	30⅜	12	15	21.4	0.40	2.7
Pacific Gas & Elec	2.86	3.17	3.50	98⅜	51	54	15.4	$2.00	3.7
Public Service of N. J.	2.30	3.51	3.91	137⅜	65	73	18.6	$2.60	3.6
Standard Gas & Elec	5.82	6.57	6.75	243⅜	79	103	15.2	3.50	3.4

* Estimated. † Represents maximum possible distribution to this stock under participating features.

Its service has become a necessity of domestic life and makes an important contribution to our industrial prosperity. Technical and commercial advances in the industry have resulted in a steady lowering of the price of electric current to the consumer, and is at present appreciably lower than it was even in 1913. The methods evolved by the industry are now setting standards for electric power and light developments the world over.

A survey of basic factors indicates that the field for future development in the electric power and light field is still tremendous. It has been estimated that during the next five years alone the capital investment is expected to increase by about 35%, and gross receipts by about 37%. About one-third of the population of the United States still lives in unwired homes, and of those homes that are wired for electricity, more than half are still without any electric appliance except the flat iron. The average home today consumes only 418 kilowatt hours a year, whereas if this home were completely equipped with electric servants, from ten to twenty times as much electricity would be required. The potential market for electricity in other fields is equally as great, and in some instances, even greater. To mention only one instance, the railroad industry. Less than 2% of the total railroad track mileage in this country is electrified at present, but huge electrification projects have been planned and should be well under way during the next few years.



Potentialities of Gas Fuel

Gas has become the chief cooking fuel in the country, about 46% of the families using either manufactured or natural gas. New uses are constantly being found for gas in the home, and the sale of economic gas appliances is greatly stimulating consumption. At present the most rapidly developing branch of the residential gas business is its use for water and space heating. For industrial purposes, however, gas sales are increasing at a rate even faster than for domestic consumption. Industries which need heat in its most adaptable, efficient and convenient form are using increasingly large amounts. During the past ten years industrial and commercial sales of manufactured gas have increased by almost 109%, whereas domestic sales have increased nearly 55%. The rapid extension of natural gas pipe lines for long distances within the past year, making available huge quantities of cheap gas in the densely populated industrial areas of the country, opens up further tremendous opportunities to the industry.

Owing to the necessity of making large capital expenditures, it has long been recognized that individual companies in this field can be operated most efficiently and economically when free of the hazards of competition. Utility commission regulation makes this possible. Labor risk is negligible, because of the very low labor ratio compared with that for typical manufacturing plants and for the railroads. Furthermore, no merchandise inventories are carried, and as sales are practically on a cash basis there are no bad debts.

In contrast with an industrial company, a public utility operates with the assurance of a stable price for its commodities, that is to say, the rates on electricity and gas are regulated by utility commissions. A factor which plays a vital part in the operations of public utility companies is the constitutional provision that no one may be deprived of property without due process of law. Every utility company is protected through this provision against the fixing by public authority, of rates so low as to yield less than a fair return upon the value of its property. Rates are regulated by the State Commissions with the end in view of providing adequate service at a cost which is reasonable to the consumer and which will, at the same time assure the utility of its fair return. Courts on several occasions have vindicated the right of invested capital to a fair return. The St. Louis O'Fallon decision some months back also confirms this.

Factors in Price Decline

Investigations into the electric industry have been made from time to time by the Federal Government, and these have caused apprehension on the part of holders of utility stocks.. There is now before the Senate a bill designating an authority to be known as the Commission of Communication and Power, which if it becomes a law, will do for the utilities what the Interstate Commerce Commission now does for the railroads. The effects of such a body should be, on the whole, beneficial to the utility industry, and need not be considered an unfavorable development marketwise except in isolated cases.

Another of the psychological factors influencing the sharp break in the shares of public utility companies, was the refusal in the early part of October by the Massachusetts Public Service Commission to allow the Edison Electric Illuminating Co. of Boston to

(Please turn to page 170)

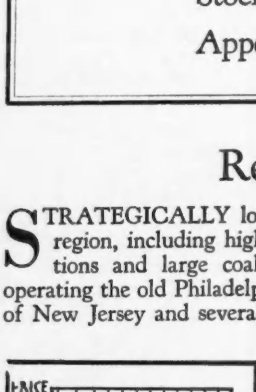
INDUSTRIALS

Investment Opportunities Under Current Market Conditions

Stocks Selling Around the One Hundred Dollar Level Which Appear in a Favorable Position for Profitable Holding

Reading

STRATEGICALLY located in the dense eastern traffic region, including highly developed manufacturing sections and large coal areas, the Reading Company, operating the old Philadelphia & Reading, Central Railroad of New Jersey and several other subsidiary lines, is an important merger factor. While jointly controlled by the New York Central and Baltimore & Ohio, it is expected to be allotted eventually to the latter system.



Disposal of its holding of about 53% of the Central of New Jersey is at present a bone of contention awaiting definite solution of the eastern merger situation but it may also go to the B. & O.

Reading's freight traffic has been adding more miscellaneous merchandise but coal still furnishes around half the haulage. The bad coal situation dragged down the road's earnings in 1927 but they improved last year, advancing from $7.64 a share to $8.79 for the common stock.

September, 1929, gross revenues of $8,234,929 compared with $7,243,403 for that month last year. Net operating income amounted to $1,734,965 as against $1,545,686 for September, 1928. The nine months' gross totaled $71,905,016 compared with $64,694,881 for the same period of last year, while the net operating income respectively showed $12,045,786 and $10,752,266, establishing a gain of 12%.

Completion of the year at the same rate of earnings would raise the per share net to around $9.84 on the common. This figure does not include an estimated equity of something more than $1 a share in the undistributed earnings of Central of New Jersey.

Net operating income is gaining at a higher ratio than gross revenue, indicating not only good management but excellent maintenance conditions. An electrification program calling for $20,000,000 is underway and other improvements costing $15,000,000 or more are outlined. It is not expected however, that any new financing will occur since the road's traditional policy is to pay for improvements out of income. In the past five years Reading's final balance of income after dividends has averaged slightly better than $7,200,000 annually.

The company began this year with current assets of $21,300,000 against current liabilities of $12,900,000, leaving net working capital of $8,400,000. The total funded debt is $118,292,133 not including $14,118,000 guaranteed bonds.

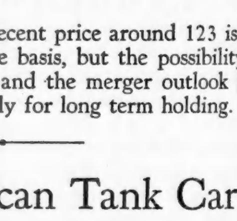
The approximately outstanding $28,000,000 first and $42,000,000 second preferred stocks and the $70,000,000 common are of $50 par value. The senior issues are receiving 4% non-cumulative dividends while the junior stock is on an 8% basis.

The yield of 3.2% on the recent price around 123 is not attractive on a straight income basis, but the possibility of a more favorable distribution and the merger outlook give attraction to the stock especially for long term holding.

General American Tank Car

UNIQUE in its well fortified position of diversity, allowing profits from its equipment business when other companies with similar output are slack, and from the various operations of its subsidiaries, General American Tank Car Corp. is showing peak earnings.

Official estimate has placed net income for the third quarter at approximately $1,650,000 or $2.48 a share on 665,616 shares then outstanding. This figure, which is after charges and federal taxes compares with $1,110,137 after charges but before federal taxes in the third quarter of 1928.



Estimated net profit for the first nine months is thereby placed at $4,357,000 after federal taxes compared with $2,823,000 before federal taxes in the same period of last year. In other words, profits for the nine months of this year were not very far short of being a million dollars ahead of the profits for the full 1928 year.

Profits for the full 12 months of 1929 promise the record breaking figure of around $6,480,000 or $9 a share on the 720,000 shares outstanding at the end of the year. This year's earnings would therefore be approximately 65% ahead of the 1928 net which amounted to $3,910,754 or $5.63 a share on 608,399 shares.

Earnings have shown a continuous upward trend for the last four years, the peak being reached in 1928. In September the corporation acquired the Union Refrigerator Transit Co. by an exchange of stock on the basis of 37½ shares of the former for every 100 shares of the latter, with provision that the corporation may buy back one-half of the exchanged stock for $105 before December 1st and for $110 between January 1st and April 1st, 1930. This acquisition increased the corporation's refrigerator line to 38,000 cars. Union Refrigerator, having total assets of more than $12,000,000, will be operated as a separate division.

Now in its fourteenth year, the corporation not only rents but manufactures tank, refrigerator and other cars, its various plants having a capacity of 20,000 cars annually. It also manufactures, repairs and deals in all kinds of railway freight equipment.

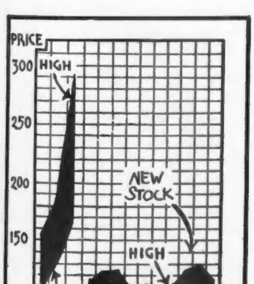
A strong financial position was disclosed at the end of 1928, current assets amounting to $10,205,330 including $2,638,776 cash, and current liabilities were $2,651,145. Total funded debt, consisting of equipment trust notes maturing serially up to 1942, was $16,473,000.

Only one class of stock, 716,800 shares of no-par common, is now outstanding, the first preferred totaling $7,752,700 having been retired at the first of this year. The dividend on the common, being $4 cash and 4% in stock annually, affords a yield of 8.35% at the recent market level around 92.

The corporation's outlook appears to be excellent not only at home but abroad where its earning power is being expanded by the formation of foreign subsidiaries under single parent control. Speculative as well as investment objectives should be achieved by current commitments.

Amer. Smelting & Refining Co.

WELL coordinated operations embracing ownership of mines, production of the refined material and manufacture of the finished article, give the American Smelting & Refining Co. a fairly wide range of earning power, far more stable than would be possible by limitation to but one of these activities.



With its smelting plants favorably located, the company is in strong competitive position to garner the business available for the custom smelter and refiner, which is free from the ordinary mining hazards, and from which flows the greater bulk of the company's profits.

Mining properties in this country, Newfoundland, Mexico and Peru are now returning quite satisfactory earnings. The company's smelters handling copper, lead, zinc, silver and gold, give it world leadership. A 25% interest in the Republic Brass Corp. and a 20% share in the General Cable Co. contribute an important portion of the net income through their manufacture of brass, bronze and copper sheets, rolls, rods, tubing, pipe, fabricated copper and brass articles, copper wire and cables, etc.

The company has made an enviable record of expansion. In the six years ending with 1928 it spent more than $55,000,000 for new properties, improvements and betterments without changing the capital outstanding to the amount of $50,000,000 7% cumulative preferred and $60,998,000 common, but on the other hand, reducing the funded debt (last year) by more than $9,800,000 to the present $37,782,100 and building up the profit and loss surplus to $35,282,584.

Early this year the common was changed from $100 to no par value, three new shares being exchanged for one old, the present outstanding stock being 1,829,940. A newly authorized issue of 200,000 shares of second preferred $100 par stock has not yet been put out. The preferred dividend has been paid during most of the company's 30-year history. The current rate of $4 on the common is equivalent to $12 on the old stock.

The highest operating profits and net income in a decade were reported last year. Net of $18,586,200 was equal to $8.24 a share on the common compared to $15,477,800 or $6.55 in 1927 on the present outstanding stock basis.

The new high record of $10,947,501 net income reported for the first six months of this year, or the equivalent of $5.02 a share on the common, indicates a possible $10 a share for the full year. The current six months may be even better since Mexican shipments have been restored to normal. Furthermore, equities in Republic Brass and General Cable would add probably another $1.

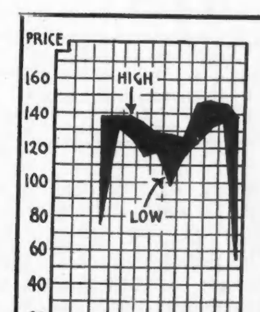
Profit and loss surplus on June 30th last was $40,820,205 while total current and miscellaneous assets showed $99,301,470 or more than 3.8 times total current and miscellaneous liabilities of $25,884,037. And the company had on hand in cash, demand and time loans and Government securities, $26,668,743.

While the recent price around 76 affords a 5.3% yield, there are strong possibilities that that return will be boosted by an advance in the dividend rate to $5 or even $6 in a comparatively short time. Bright prospects of continued high earnings furnish ample justification for considering that the stock in the 70s warrants purchase.

Purity Bakeries Corp.

WITH its purchase of Cushman's Sons, Inc., the largest retail baking chain in the New York metropolitan district, Dixie Baking Co. and Tip Top Baking Co. late last year, the Purity Bakeries Corp. has forged ahead with marked rapidity, standing today as the second largest company in its field.

The corporation's present chain is one of the largest, if not the largest in its class. It will have 350 stores in operation by the end of this year. There are now 250 in New York, 35 in Chicago and in Philadelphia the number will shortly reach 55. This store expansion will be carried to other cities as quickly as the organization can be economically extended,



The corporation also operates upwards of 2,000 delivery routes to supply more than 100,000 retail stores. With the opening of a new wholesale baking plant at Fort Worth, Tex., these units aggregated 35 in 14 states. Earnings have grown consistently, from the equivalent of

$2.68 a share in 1925 to $6.02 last year. The most recent report, covering 40 weeks, gave net income after certain charges as $4,261,806 compared with $2,569,808 for the same period of last year. These figures represent $5.29 per share against $4.63.

Present indications point to profits approaching $6,000,000 for this year, making the fifth consecutive gain of roughly 45% annually since the corporation was organized at the end of 1924. Thus the common would show earnings of around $7.45 a share.

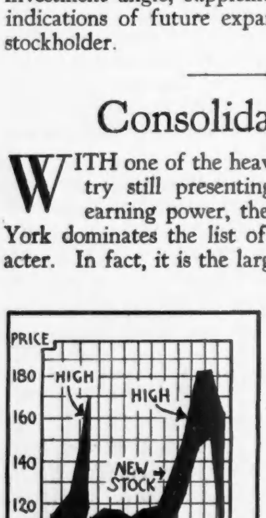
The corporation's capital structure has been undergoing improvement in the last year and a half. All subsidiary companies' funded debt was eliminated early in 1928. The final outstanding $6 cumulative preferred stock was redeemed early this year. The funded debt is now pared down to $7,700,000 sinking fund 5% debentures, being the only obligation ahead of the outstanding 805,027 shares of no par common stock.

The balance sheet as of July 13th last showed current assets of $7,494,118 including cash and government securities of $4,921,875 and current liabilities of $1,434,233. Earned surplus had advanced from $6,579,367 at the end of 1928 to $8,148,499.

The common dividend rate was raised from $3 to $4 with the last quarterly payment on September 1st. This affords a yield of 5.55% on the recent price of around 72. There is undoubted attraction in the stock from an investment angle, supplemented as it is by such abundant indications of future expansion and larger returns to the stockholder.

Consolidated Gas Co.

WITH one of the heaviest consumer fields in the country still presenting rich prospects for expanding earning power, the Consolidated Gas Co. of New York dominates the list of public utilities of similar character. In fact, it is the largest in the world with the single exception of the American Telephone & Telegraph Co. Owning all the capital stock of the New York Edison Co. and the United Electric Light & Power Co. and virtually all of the Brooklyn Edison Co., Inc., it supplies all the gas and electric light and power in most of the boroughs of New York City and Westchester County, the outstanding exception, Brooklyn, now being served with gas by the Brooklyn Union Gas Co., the latter having been on the verge of consolidation for several years.



The company was incorporated 45 years ago. Present funded debt is $50,000,000 while that of Brooklyn Edison and its subsidiaries is $45,451,000 and of other subsidiaries is $145,644,000. The preferred issue, $5 cumulative, is outstanding in the amount of 2,081,813 shares and the common, 11,447,626 shares, both issues being of no par value, the latter including 1,044,000 shares offered to stockholders on the basis of one at $75 for every 10 shares held, the rights having expired October 11th last.

The present dividend of $3 a share annually on the common is equivalent to $6 on the amount outstanding in 1928 prior to the 2 for 1 split-up and the Brooklyn Edison stock has been paying $8 yearly for more than a quarter of a century. The addition of Brooklyn Edison to the company's system has increased the earnings of Consolidated Gas about 25%.

The greater expansion simultaneously with operating economies made possible by the Brooklyn Edison acquisition is expected to result in lower rates to consumers as well as larger company earning power, thereby reacting to the benefit of the stockholders. More than $300,000,000 has been spent by Consolidated Gas in the past five years in bringing its properties to a high degree of efficiency and the practical side of this policy is reflected in the steady lowering of the ratio of operating expenses to gross operating revenue from 71% in 1923 to 66% last year.

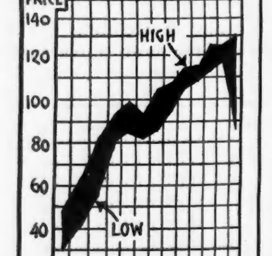
Total gross revenues of $212,594,530 reported for the merged companies last year were 6.4% ahead of 1927. Net income, after all charges, amounted to $59,592,552 for 1928, an increase of 13.9% over the year previous. The per share earnings were $4.52 on the common, comparing with $3.99 in 1927 on the same stock basis of 10,394,700 shares outstanding.

Current assets of $67,442,000, including $19,723,000 cash were reported at the end of last year, with current liabilities of $29,274,000, leaving net working capital of slightly more than 38 millions. Proceeds from the recent stock offering were set at about 78 millions. Surplus of nearly 18 millions built up last year brought the total profit and loss surplus to $200,845,768.

The inherent strength of the company and the merger possibilities, including a possible tie-up with the Niagara Hudson Power Corp.'s system, together with the brilliant prospects of expanding earning power in its existing zone of control present undeniable attraction despite the yield of but 3.1% on the recent price around 97.

New Haven

DRAWING its revenues from one of the densest traffic areas in the country, the New York, New Haven & Hartford Railroad is showing the highest rate of increase in the volume of traffic handled among the transportation systems of the United States. While aggregate freight traffic in the eastern district in 1928 was 131% and 32% higher respectively than the average of two three-year periods running from 1900 to 1902 and 1911 to 1913, the New Haven gained 178% and 50% respectively, very substantially ahead of the other leading systems.



The New Haven not only has closely operating connections with the Boston & Maine road in which it owns about 28% stock interest but handles a large volume of business through its steamship lines to New York City, its Poughkeepsie Bridge route into the anthracite territory, its subsidiary trolley systems and one of the largest bus operating companies in the entire country. Its southern and western traffic goes in part over the New York Connecting Railroad, owned jointly with the Pennsylvania Railroad which owns 73,025 shares of New Haven common.

The road is meeting the very strong competition from private bus and trucking services by comprehensive expansion of its own freight transfer facilities, plans now embrac-

ing truck distribution throughout most of its territory.

Operating economies and traffic expansion are reflected in the road's earnings. September boosted net railway operating income figures for the twelfth consecutive month over the year previous. This item gained $238,494 to $3,209,739 while surplus after charges including guarantees and preferred dividends increased $365,096, to $2,003,878, equal to $1.27 a share compared with $1.04 a share in September, 1928.

The nine months' figures are impressive, gross of $104,249,765 comparing with $100,939,380 for the same period of last year, net operating income of $23,423,116 comparing with $19,212,147 and surplus after dividends of $11,377,584 standing against $6,197,835.

The common, outstanding in the amount of $157,117,900 ($100 par value), has thus earned in the first three-quarters of this year $7.24 a share, nearly 85% ahead of last year's first nine months. With current earnings running at the annual rate of more than $15 a share and prospect of continuation of heavy traffic in final quarter it seems certain that at least $13 a share will be realized this year.

The New York, Westchester & Boston is expected to assume $500,000 of the interest charges this year on its 4½% bonds, the first relief in the 17 years since New Haven guaranteed their payment, and thus saving 32 cents a share to the latter.

New Haven has consistently improved its capital structure, having paid off the remainder of its government indebtedness last year. Its total funded debt is $277,473,000. There is outstanding $48,812,610 of 7% cumulative convertible preferred stock concerning which there has been some talk of possible retirement.

Steady reduction of the profit and loss deficits shown in the years from 1920 to 1926 resulted in a surplus of $5,094,971 at the end of 1927 and of $13,759,629 at the close of last year. Net working capital of $13,904,000 was established as of December 31st, 1928.

The common stock was placed on an annual dividend basis of $5 with the October 1st payment, the previous rate of $4 running back to the second quarter of last year when disbursements were resumed after an interval of 15 years. The current price of around 108 thus affords a yield of 4.63%. The prospects of continued improvement in the road's affairs and possible merger of the New England lines into a well co-ordinated system furnish a speculative appeal and some investment attraction to the stock at present levels.

Preferred Stock Guide

NOTE: The following list of preferred stocks has been arranged solely on the basis of current yields. The position of any stock in the Guide is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	Earned $ per share 1926	1927	1928	Redeemable	Recent Price	Yield %
Norfolk & Western	4 (N)	160.35	133.40	133.73	No	87	4.6
Union Pacific	4 (N)	41.17	39.80	46.32	No	81	4.9
Atchison, Top. & S. Fe	5 (N)	48.83	40.47	40.21	No	103	4.9
Baltimore & Ohio	4 (N)	48.41	38.44	49.44	No	80	5.0
Southern Railway	5 (N)	39.33	36.17	32.11	100	97	5.2
Pere Marquette Prior	5 (C)	68.77	64.08	75.60	100	97	5.2
Wabash "A"	5 (N)	11.86	6.87	9.24	110	90	5.6
N. Y., New Haven & Hart	7 (C)	....	22.05	34.40	115	123	5.7
St. Louis Southwestern	5 (N)	12.00	9.30	8.84	No	88	5.7
N. Y., Chicago & St. Louis	6 (C)	24.65	20.31	17.68	110	101	5.9
Colorado & Southern 1st	4 (N)	52.56	57.76	49.45	No	66	6.1
Colorado & Southern 2nd	4 (N)	48.50	53.76	45.46	No	68	5.9
Kansas City Southern	4 (N)	10.86	9.04	14.01	No	66	6.1
**St. Louis, San Francisco	6 (N)	16.12	15.28	17.44	115	91	6.6
Missouri, Kans. & Tex	7 (C)	....	13.06	16.34	110	100	7.0

Public Utilities

Public Service of New Jersey	8 (C)	§21.46	§16.28	20.92	No	148	5.4
Columbia Gas & Electric	6 (C)	27.81	25.42	30.78	110	102	5.9
Philadelphia Co.	3 (C)	24.20	28.28	16.55	No	51	5.9
American Water Works & El.	6 (C)	22.63	24.30	31.05	110	102	5.9
Federal Light & Traction	6 (C)	41.51	39.67	49.93	110	98	6.1
Standard Gas & Electric	4 (C)	20.00	16.76	14.07	No	61	6.6
Electric Power & Light	7 (C)	13.83	16.21	17.00	110	102	6.9
Hudson & Man. R. R. Conv.	5 (N)	40.32	40.70	37.02	No	72	7.0
Postal Tel. & Cable	7 (N)	....	....	7.19	110	100	7.0
Continental Gas & Elec. Prior	7 (C)	26.28	32.71	22.39	110	100	7.0
Amer. & Foreign Pow. 2nd	7 (C)	8.39	3.58	5.33	105	93	7.5

Industrials

Bethlehem Steel Corp	7 (C)	20.84	16.32	19.16	No	122	5.7
Mathieson Alkali Works	7 (C)	67.86	74.06	34.50	No	123	5.7
Case (J. I.) Thresh. Mach	7 (C)	29.39	38.43	32.59	No	121	5.8
Deere & Co.	7 (C)	23.22	25.74	29.52	No	119	5.9
General Cigar	7 (C)	51.26	67.32	62.81	No	117	6.0
Brown Shoe	7 (C)	29.69	44.12	35.27	120	114	6.1
Baldwin Locomotive	7 (C)	29.42	12.21	1.66	125	115	6.1
American Locomotive	7 (C)	20.88	16.60	10.83	No	115	6.1
Bucyrus-Erie	7 (C)	....	....	39.34	120	112	6.3
Crucible Steel	7 (C)	26.19	22.47	22.54	No	109	6.4
Bush Terminal Buildings	7 (C)	‡	‡	‡	120	108	6.5
Associated Dry Goods 1st	6 (C)	27.67	24.10	24.55	No	93	6.5
International Silver	7 (C)	24.39	30.82	27.48	No	106	6.6
Goodrich (B. F.) Co	7 (C)	13.96	39.19	10.36	125	104	6.7
American Sugar	7 (C)	14.08	7.97	14.60	No	104	6.7
General Cable Co	7 (C)	27.69	25.72	25.92	110	103	6.8
Radio Corp. of Amer	5 (C)	....	....	5.36*	100	71	7.0
U. S. Smelting, Ref. Mining	3.5 (C)	6.25	6.28	8.48	No	50	7.0
Glidden Co. Prior	7 (C)	23.91	32.69	32.69	105	100	7.0
Tidewater Asso. Oil conv	6 (C)	13.38	7.35	19.49	105	84	7.1
Bush Terminal Debentures	7 (C)	16.81	18.88	20.55	115	97	7.2
Otis Steel Prior	7 (C)	16.36	11.80	28.68	110	97	7.2
Commerce Investm. Trust 1st	6½ (C)	27.72	24.36	45.50	110	90	7.2
Spicer Mfg. Conv	3	58.54	74.42	26.00	57½	41	7.3
Goodyear Tire & Rubber	7 (C)	11.83	18.80	18.90	110	95	7.4
International Paper	7 (C)	11.31	7.42	4.53	115	90	7.8
Loew's Inc.	6½ (C)	....	....	57.12	105	80	8.1

C—Cumulative. N—Non-cumulative. § Earned on all pfd. stocks. ‡ Guaranteed unconditionally by Bush Terminal Co. ** Adjusted to basis of present stock.

* Six months ended June 30, 1929.

Lower Price Levels Afford Opportunity

Leading Mail Order Company Shows Consistent Growth in Two Main Divisions

By Ferdinand Otter

REPRESENTING ownership in a company engaged in a program of expansion so extensive as to have a compelling appeal to the investor's imagination and foresightedness, the common stock of Montgomery Ward & Company has naturally been one of the favorite trading issues in the great wave of speculation which preceded the recent market collapse.

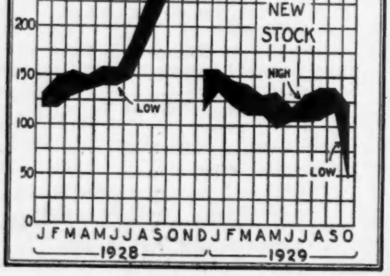
Thousands of traders and investors bought it because of its impressive market behavior. Also, the issue found its way into the portfolios of many new investment trusts and trading companies. A number of large market operators took big long positions in it. Fortunes were made in the rise of the "old" common stock from a low of 12 in 1922 to a high of 439 7/8 in 1928. At one time the stock sold for approximately 50 times indicated per share earnings; and statisticians justified its price on the basis of the company's remarkable future possibilities.

It is not difficult, therefore, to understand why an avalanche of selling came in this security during the recent collapse. Stocks were selling ex-imagination, ex-margins and ex-future possibilities. Future possibilities and imagination accounted for a large part of the maximum appraisal of 156 7/8 for the present shares, recorded last January.

During the past several years, Montgomery Ward, a pioneer in the field of mail order merchandising, has extended its scope to include other sales methods, notably those embodied in chain store operation. While several factors may account for the birth of this new phase in the company's history, the ever increasing use of automobiles in rural districts throughout the country, making the urban shopping centers easily accessible to farmers, etc., suggests the possibility that mail order companies would have been confronted with the problem of diminishing sales. It is only natural that the farmer and his family should prefer to experience the thrill of shopping which so many people enjoy, and make their purchases by personal selection, rather than from the inanimate pages of a mail order catalogue.

Birth of An Idea

For some years mail order companies had established the pratice of exhibiting their wares, or at least such portions of them as were feasible, at county fairs. With the idea of making these "sample displays" more or less permanent, Montgomery Ward opened a store in Marysville, Kansas, in August, 1926. Originally, it was intended that the merchandise displayed in the store was not to be sold, but the management was not long in responding to the suggestion of visitors that they be permitted to purchase. During the past two years, Montgomery Ward has opened about 450 chain stores, including 24 large department stores in leading cities, and it is the announced intention of the company to ultimately establish 1,500 units within the next few years. Although expansion in the chain store field has been very rapid, the management, realizing that a radical departure from former methods was being made, has been content to proceed along experimental lines. The necessary space has been rented, thus permitting a change should such course be warranted by insufficient sales or other causes. Experiments have also been conducted for the purpose of ascertaining the classes of merchandise which could be sold to the greatest advantage in these new retail units.



There is, however, ample evidence to support the contention that combined mail order and chain store retailing is considerably beyond the purely experimental stage. As for instance, it has been officially estimated that Montgomery Ward will show a total sales volume in the neighborhood of $310,000,000 for the current year, of which at least 1/3 will be contributed by the chain stores.

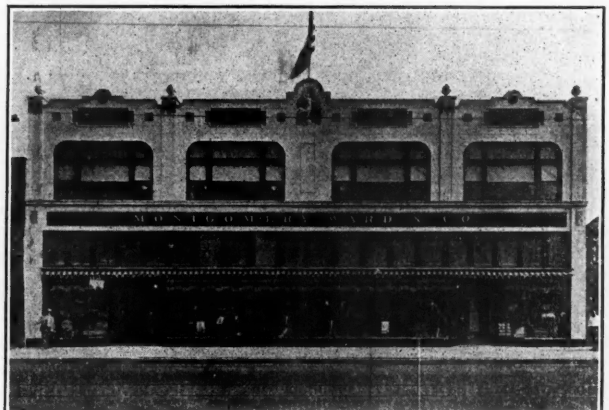
Steady Progress

The progress of Montgomery Ward has been practically uninterrupted since 1872, when A. Montgomery Ward started it on $2,000 of borrowed capital and sent out his first leaflet to "grangers, farmers and mechanics." By 1880 Mr. Ward and Mr. Thorne, his partner, were selling 2 million dollars worth of merchandise a year. In 1906 the volume of sales had increased to 18 million dollars. In 1920, with the price of merchandise at its peak, the company did 101.7 million dollars of gross. In 1921, the poorest business year in the current century, Ward's sales volume was 68.5 million dollars. Since then the company's custom has increased each year, and the 1929 gain over 1928 promises to be at least 30%.

It is rather interesting to trace the company's growth from the standpoint

of sales since 1922, when the first signs of recovery from the post-war deflation period were in evidence. By 1924 gross sales had shown an increase of nearly 115%, and while the expansion in the three following years was not as pronounced, sales in the current year, in reflection of the company's departure from a strictly mail order enterprise, are expected to show a gain of nearly 50% over those of 1927.

In order to provide for this enormous growth, it has been necessary for the company to add considerably to its physical properties. In addition to the 450 odd retail units, a large central plant in Chicago and 8 large mail order plants, as well as 11 warehouses are maintained throughout the country at strategic locations. All of the mail order plants are modern in equipment, and great care has been exercised in selecting their location in order to produce the greatest possible efficiency and minimize shipping and other costs.



A Typical Montgomery Ward Retail Store

Montgomery Ward & Company

Earning Power Per Share
(Basis Present Capitalization)

	Sales	Net Per Dollar Sales	Per Share
1929 (estimated) ...	$310,000,000	....	$5.50
1928	214,350,446	9.13c	3.52
1927	186,683,340	8.10c	2.53
1926	183,800,856	5.52c	1.59
1925	170,592,642	7.56c	2.13
1924	150,045,065	6.95c	1.68
1923	123,702,000	6.21c	1.24
1922	84,738,826	5.38c	0.67

Financing

Until the company undertook the chain phase of its business it found it possible to finance its expansion plans entirely out of earnings. In the latter part of 1928, however, heavy capital requirements entailed by the opening of retail outlets resulted in an offering to stockholders, privileging them to purchase two shares of common stock at $17.50 for each share held. This brought nearly $40,000,000 to the company's treasury, a portion of which was used to retire all of the outstanding funded debt.

At the present time, the common stock constitutes the principal capital liability, preceded only by 205,000 shares of $7 cumulative class A stock. In August of this year stockholders were given the privilege to subscribe for additional stock at $50 a share, one new share for each three held. As a result of these two subscriptions, the outstanding common stock now amounts to about 4,627,650 shares.

The rapidity of the expansion program might naturally be expected to have a somewhat weakening effect upon the company's financial position, and it is, therefore, inspiring to note that quite the contrary is true. At the end of 1928 current assets amounted to over $93,000,000, exceeding current liabilities by more than five times. The valuation of less than $35,000,000 at which the company carries its physical properties is unusually conservative and indicates liberal charges for depreciation, etc. As of December 31st, 1928, earned surplus was over $45,590,000, a gain of about $10,000,000 over the previous year, and more than $40,000,000 over 1922.

Net income has kept pace with expanding sales, and in 1928 established a new record, amounting to $214,350,446 as contrasted with less than $85,000,000 in 1922, or an increase of over 150% through this six-year period. Equally impressive has been the increased operating efficiency, as reflected in the wider margin of profit. In 1928 the company was able to show 9.13c in net profit for each $1 in sales, as compared with 8.01c the previous year, 5.52c in 1926, and 7.5c in 1925.

The rate of expansion in sales has shown no diminution in the current year, and for the first nine months exceeded $193,695,000, a gain of nearly 31% over the corresponding period of 1928. With this substantial gain, the company enters the last quarter, which normally produces the largest volume of business, and weight is given to the prediction that sales will more closely approximate $310,000,000 than the $300,000,000 officially estimated early in the year. On the other hand, the heavy expenses incidental to opening nearly 300 retail units, in accordance with the expressed intention of the management, suggests that the profit margin this year may be somewhat lower than for 1928. The management's efforts through 1927 and 1928 were largely concentrated on improving the margin of profit. This year, however, expansion has been the keynote. To fully visualize the possible effect of new store expenses, it must be pointed out that a staff has to be chosen, most of which is probably untrained; executive problems must be mastered; inventories are larger; advertising expenses are abnormal; and unavoidable mistakes in merchandising policies are sure to be made until such time as it is possible to gauge accurately the prejudices and tastes of the communities served by the new units.

Another fact which might reduce Ward's margin of profit in 1929 has been the larger merchandising expenses of the mail order business. The company now pays postage and freight charges and supplies free business reply envelopes. In order to compete with Sears, Roebuck & Co. in the matter of the payment of shipping charges, it was necessary to re-run a large part of the fall and winter catalogues at a considerable expense.

Based on the increased amount of common stock outstanding, resulting from the offer to shareholders last August, a conservative estimate of earnings for the full current year indicates per share results somewhat in the neighborhood of $4.50 or $5 which would afford a reasonable margin of safety for the present dividend of $3 per year, recently raised from $2.50.

Given the full benefit of a coördinated system of chain stores and mail order plants, it is reasonable to

(*Please turn to page* 170)

Market Indicators

For Profit

Stockholders' Bonus

American Bank Note has not disappointed the expectations of those who have been looking to the company to pass on a larger share of its gradually mounting profits before the year is out. An extra cash dividend has been declared, corresponding to the similar action taken about this time last year. In addition, however, a 10% stock dividend has been declared. Both the extra cash and stock dividends are payable December 30 to shareholders of record December 10. Comparison of earnings for the first nine months this year with those for the same period of 1928 readily account for the liberal treatment of stockholders. Net profits for the first three quarters of 1929 were equivalent to $3.62 a share against $2.64 in the corresponding nine months of 1928.

* * *

Good News

Among other favorable news items of like tenor which featured the past fortnight were American Can's dividend increase from the former $3 to a $4 rate and the payment of $1 extra, an increase on the part of Consolidated Gas from the previous $3 to a $4 rate, declaration of a $1 regular quarterly and payment of 25 cents extra by General Refractories in place of the previous 75 cents regular and 50 cents extra, payment of $2 a share extra on the Class B common and common stocks of the American Tobacco Co., and $1 extra by U. S. Steel. The favorable import of these developments probably will not make an impression upon the financial community, however, until it has recovered from its present disturbed state of mind.

* * *

Lower Sugar Earnings

Report of South Porto Rico Sugar Co. reflects the unsatisfactory conditions that prevail in the sugar producing industry. While the company is favored by freedom of Porto Rican sugar from duties levied on importations into the United States, net profits available for the common stock fell to $2.52 a share for the year ended September 30, 1929, compared with $5.20 reported for the previous fiscal year.

* * *

Improvement Shown

Ward Baking Corp. reports some improvement in earning power for the fifteen weeks ended October 19, but the liberal capitalization prevents a very satisfactory showing for the Class B shares. Net profits for the period were equivalent to $2.46 a share for the Class A stock and 16 cents for Class B. These figures compare with a balance of $2.36 for Class A and five cents a share for Class B in the corresponding period of 1928. For the 42 weeks ended October 19, a balance of $7.07 a share was available for the Class A and 62 cents for the Class B stock.

* * *

Fox's Prosperity

Fox Film Corp., has announced the sale of its holdings in First National Pictures, Inc., to Warner Bros. Pictures, which organization already owned a majority stock interest in the latter. The Fox company intends to apply the profits accruing on this sale to writing off the cost of silent motion picture productions which, it contends, have become obsolete. Fox's success in the "sound picture" field is strikingly demonstrated by the nine months' income statement showing net earnings equivalent to $9.61 a share for the combined Class A and B common stocks, a gain of $3.15 a share over the like period of 1928. While it is probable that some industries will be adversely affected by the recent stock market debacle, the amusement industry, especially the motion picture branch, enjoys a high degree of immunity to such factors. Hence, Fox Film should experience little difficulty in showing a balance approaching $12 a share for its junior stocks this year.

* * *

Another Dividend Increase

Loew's, Inc., controlled by the Fox interests through the Fox Theatres Corp., is likewise enjoying a record year. For the twelve months ended August 31, the company reports net profits equal to $7.91 a share on the common, against $5.97 a share in the 1928 fiscal year. The common stock has been placed upon a regular $3 annual dividend basis and extra of 75 cents a share is to be paid on December 31, to stockholders of record December 13, along with the new 75 cents quarterly disbursement. Heretofore, Loew's had been paying regular dividends of $2 annually and extras of $1 a share.

* * *

Holding Its Own

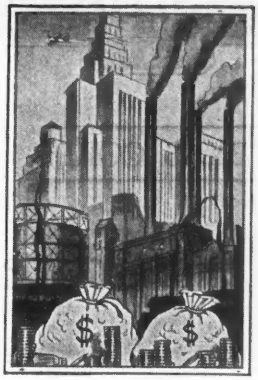
Mack Truck continues to maintain the improvement in earning power that has been under way since the latter half of 1928. Third quarter earnings at $2.67 a share fell below those for the second quarter when a balance of $3.28 was shown for the stock, but were ahead of the third quarter of 1928, when the company earned $2.20 a share. Total income for the first nine months of the current year amounted to $7.85 a share. Incidentally, while Mack Truck is related to the motor industry, its business is not affected by the same factors that are creating so much uncertainty in the outlook for passenger car manufacturers at present.

* * *

Reassuring Note

While conditions in the oil industry on the Pacific Coast are still unsettled

The Stockholder and Income



by reason of the delay attending thorough enforcement of the California Gas Conservation Law, it would appear that leading interests have confidence in the outlook. At any rate, Standard Oil of California has joined the ranks of those companies which have lately given shareholders more liberal participation in profits, by declaring an extra dividend of 2% payable in common stock, in addition to the regular 62½ cents a share quarterly in cash.

* * *

Depression Proof

National Dairy Products, whose business is, to a high degree, depression proof, has also revised dividend payments upward by substituting a \$2 annual cash payment for the \$1.50 rate heretofore in effect. The supplementary stock dividend of 1% quarterly, payable in common shares, remains unchanged.

* * *

Complications Arise

The break in the stock market played havoc with numerous plans for financing through the medium of new common stock issues. Several corporations that had offered additional shares to stockholders at prices which seemed attractive a very short time ago now find it impracticable to secure additional funds by this means and, accordingly, have cancelled the issuance of the rights which the market's slump has rendered valueless from the shareholder's viewpoint. In some quarters, there is a tendency to view this development as foreshadowing return to the apparently discarded method of financing through bond issues. It remains to be seen whether events will take such a course, although the healthier complexion of the bond market does suggest that senior securities may regain some of their lost prestige as instruments of finance.

Merger Off

The market break has upset other plans as well. The proposed consolidation of the National City and Corn Exchange banks has been called off because the market price of the latter's stock was forced downward to levels where stockholders of the former institution could not be expected to look with favor upon on exchange of shares on the basis of the terms originally outlined.

* * *

Steel Consolidations Nearer

The steel industry, on the other hand, is disposed to look upon the downward revision of stock prices as an incentive for hastening pending mergers in that field. It is assumed, on the one hand, that the increased uncertainty which surrounds the steel trade will tend to make the smaller companies more anxious to link up with the larger units, while, on the other, the slump in stock prices may make them more amenable to reasonable terms.

* * *

Improvement Sustained

Although buyers in some lines are inclined to caution, stock market developments do not seem to have checked the betterment in the railroad equipment industry. Locomotive and car buying continues apace. American Steel Foundries, one of the principal beneficiaries of more liberal railroad equipment purchasing, reports net profits for the third quarter equivalent to 94 cents a share for the common stock, contrasted with 51 cents in the corresponding quarter of 1928. For the nine months ended September 30, the company earned \$3.45 a share, against \$2.22 in the like period last year. President Scott states that not only have unfilled orders expanded materially since the beginning of October but the outlook is promising.

Chicago & Northwestern

Declaration of a \$2.50 a share semi-annual dividend on Chicago & Northwestern's common stock comes as good news to shareholders. The increase of \$1 over the previous rate brings the yield on Chicago & Northwestern, on the basis of current prices around 80, up to the very satisfactory level of 6¼%. The \$2.50 semi-annual dividend will be paid December 31 to shareholders of record December 2, but thereafter, payments are to be made quarterly.

* * *

A Discordant Note

While U. S. Hoffman Machinery has gained victories in two suits against its competitors recently, the competitive conditions that are responsible for lower earnings evidently are still working adversely, since the company has reduced its common dividend from \$1 to 50 cents quarterly.

* * *

Warner Bros.

Warner's acquisition of the Fox holdings of First National Pictures may facilitate a renewal of merger negotiations with Paramount-Famous-Lasky. The apparent affiliation of Fox and Warner through their former mutual interest in First National may have influenced Governmental objection to the original merger proposal, a situation that no longer obtains with Fox's elimination from the First National scene. Obviously, Fox would now have not even a remote relationship with Paramount-Warner combination.

* * *

Good Report

For the nine months ended September 30th, Goodyear Tire & Rubber earned net profits equivalent to \$10 a share for the common stock. Tire companies look for a well sustained volume of business, but the doubtful factor in this industry at present is the possible effect of a slump in the automobile trade.

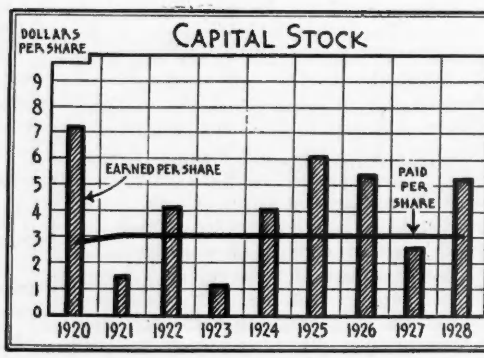
TEXAS CORP.

Future of Nation-Wide Distributor Not Yet Discounted

Remarkable Growth and Constructive Policies Place Shares in Investment Class

By C. Hamilton Owen

At the beginning of the present century there were few if any companies able to boast a national market for their products. A standard brand of merchandise widely sold in the East was was likely to be unheard of west of the Alleghenies and the visitor from Chicago might not be able to buy even his favorite cigar in New York. The commercial structure of the country at that time was made up of thousands of smaller companies, content either by choice or by force of circumstances to limit their distribution to a confined territory. How different is the scope of present day business . . . . consolidations, expansion and normal but inevitable growth have created many huge industrial corporations with distributing organizations reaching out to practically every city and hamlet in the country. "Big Business" in every sense of the word.



Sound Growth

Representing the oil industry in the trend toward business on a national scale, the Texas Corporation is an outstanding example of the accomplishments and success possible in that direction. As a result of the diligent and continuous reinvestment of surplus earnings, augmented from time to time by new capital, the sphere of the company's activities has steadily widened until today Texas Corp., from every standpoint outranks all of the independent oil companies in this country. Although the company's growth has been most pronounced in the United States the management has not lost sight of the future potentialities in foreign markets and the familiar "Texaco" signs may be found in Canada and many foreign countries. In every respect the company is a compact, integrated, financially strong and skillfully managed business enterprise with a well founded background and a future replete with excellent prospects.

Background

Originally incorporated in 1902 under the laws of Texas with an initial capital of $1,650,000, the company progressed steadily in the ensuing years but in order to keep abreast of the rapidly increasing demand for petroleum products, found it necessary to free itself from the restrictive provisions of its Texas charter. Accordingly two new companies were formed in 1926, one an active operating unit and the other a holding company, both incorporated in Delaware. Subsequently all but a very small portion of the stock of the original company was exchanged for that of the new holding company and all of the properties and assets of the old company were transferred to the new operating unit.

No time was lost by the company in availing itself of the broad powers granted to the holding company under its Delaware charter and beginning early in 1927 expansion activities were noticeably accelerated although practically overshadowed by the developments of 1928. At various times during the past year new properties and plant facilities were acquired involving a total investment of more than $62,300,000, the largest sum spent by the company during the past five years. Probably the most important feature of the 1928 program was the acquisition, by an exchange of shares of all the outstanding stock of the California Petroleum Corp., one of the larger Pacific Coast oil companies. California Petroleum contributed a substantial increase in crude production, both actual and potential and enabled Texas to greatly enlarge its marketing, distributing and storage facilities along the Pacific Coast.

Other Important Acquisitions

Other important additions last year included the purchase of a portion of Galena Signal Oil's properties; the purchase of production and equipment of the Landreth Production Co., in West Texas; and a contract with the Louisiana Land and Exploration Co., giving Texas Corp. the exclusive right

to the oil production on more than 1,800,000 acres of land in Louisiana. Among the properties obtained from the Galena Signal Oil were a large refinery in Houston, strategically located storage facilities, bulk plants and service stations, marine equipment and the capital stock of a number of foreign marketing subsidiaries. Important additions to production supplemented by storage facilities, gathering lines and leases were secured from the Landreth Production Co.

Some hint as to the extent the properties of the California Petroleum may be expected to further strengthen the position of Texas Corp. is revealed by the salient features of that company's operating statistics. Daily production last year averaged 43,000 barrels and refining capacity 42,000 barrels. Total producing properties exceeded 130,000 acres; storage facilities had a capacity for 12,000,000 barrels; marketing was effected through 54 bulk and 184 service stations, as well as over 2,000 controlled dealer organizations; and transportation facilities included four ocean terminals, 22 miles of pipe line and six tank steamers aggregating more than 70,000 tons.

The influence of the several acquisitions discussed was reflected in practically every phase of the company's operations in 1928. Gross production increased more than 18,190,000 barrels and fee lands and leaseholds exceeded 5,475,000 acres or about 2,747,000 acres more than at the close of 1927. Pipe line runs last year were the largest in the company's history and the pipe line system was extended by 222 miles. Refining operations established a notable record for volume and efficiency as indicated by the average gasoline yield of 51.1% in comparison with 46.7% the previous year. Moreover, and in spite of the fact that crude runs were but 4.2% larger, refineries last year were able to produce 16% more gasoline and nearly 20% more lubricating oil. Refinery capacity underwent a noteworthy expansion amounting to 204,250 barrels at the close of the year as contrasted with 120,750 barrels at the beginning of 1928. Any discussion of the company's refining operations would be incomplete without mentioning the valuable Holmes-Manley cracking process, the application of which has enabled Texas to obtain an unusually high gasoline yield. This process is regarded as one of the most efficient in the industry and in addition to its importance to the company as a manufacturing asset, it provides another source of income through the payment of royalties by other oil companies licensed to use it.

In the face of the marked growth in manufacturing operations, it is not surprising that gasoline and lubricating oil sales registered increases of 36.5% and 7.6% respectively in 1928. Under the more desirable conditions arising out of a stabilized price structure for refined oil products, the company was successful in carrying sales gains to its ledgers in the form of an appreciable improvement in earnings.

Earnings Trend Up

Including the earnings of California Petroleum, net income reached the record-breaking total of $45,073,880 last year, a gain of more than 125% over the showing made in 1927, a year of hardships and adverse conditions for the oil industry and its affiliated enterprises. Reducing 1928 profits to a per share basis, the common stock outstanding at the close of the year earned the equivalent of $5.34 as against $2.77 in 1927 and $5.48 per share in 1926. It should be borne in mind that the improved results for 1928, although highly gratifying, do not fully reveal the possibilities for further expansion in earnings when the more recently acquired properties have been completely absorbed into the organization and give an opportunity to function as an efficient unit.

One of the outstanding developments in the oil industry to make its appearance during the past twelve months has been the tendency on the part of the leading companies to extend the sale of their products to territories outside of the more or less arbitrary boundries which have been informally recognized for some years past. It is quite evident, however, that the Texas Corp. has no intention of letting this challenge of its competitors weaken its much cherished position or in any way affect its contemplated plans.

Recently the company was responsible for one of the largest financing operations in the history of the oil industry, involving the sale of $100,000,000 5% convertible debentures. The proceeds of these bonds will be utilized to reimburse the company for capital expenditures and provide the funds necessary to carry out the plans of the management, constantly aimed toward increased sales outlets and more complete integration.

Strong Financial Position

The balance sheet submitted in conjunction with the sale of the bonds disclosed an unusually well fortified financial position, as of August 31st, 1929. Total assets were $616,139,712 and current assets totaled $292,054,900 of which more than $112,000,000 was in cash. Current liabilities of $39,203,300 contrasted with a figure of $62,266,697 at the end of 1928. In addition to the $100,000,000 of new debentures, the company has assumed two debenture issues of the California Petroleum Co. and a mortgage bond issue of the Louisiana Land & Exploration Co., making a total funded debt of $118,410,000. There is also $6,059,813 of purchase money obligations outstanding. Capital stock consists of 9,848,196 shares on which dividends are being paid at the annual rate of $3, which rate has been in effect since 1920.

The adverse effects of excessive crude production this year upon the prices of both crude and refined products would ordinarily produce a similar effect upon earnings. Due largely, however, to the heavy increase in consumer demand, those companies not solely dependent upon a single phase of the industry will probably be able to show a satisfactory improvement over 1928 earnings.

Specifically, the operations of Texas Corp. in practically every department are ahead of last year and it has been officially estimated that 1929 net income, before taxes, will be between $55,000,000 and $60,000,000. Considerable progress has been made in modernizing and improving the plant efficiency of the various refineries added to the company's properties last year and present capacity of these units is nearly 220,000 barrels daily as compared with average daily runs in 1928 of 151,000 barrels. Increased crude production is reflected

(*Please turn to page* 170)

Texas Corp.

Operating Statistics

	1st 8 mos. 1929	All of 1928
Gross Crude Production (bbls.)	34,134,016	44,584,216
Pipe Line Runs (bbls.)	40,576,195	51,912,709
Refinery Runs (bbls.)	37,421,861	55,083,529
Gasoline Sales (bbls.)	16,863,298	26,744,806
Pipe Lines (miles)	6,505	5,928
Daily Refinery Capacity (bbls.)	203,000	198,250
Tank Cars—Owned and Leased	6,863	6,259
Storage Capacity (bbls.)	87,000,000	75,000,000

EDITORIAL PAGE

Building Your Future Income

An Informative Department On Estate Building

The Folly of Stampede

THE prosperity of the United States has at one and the same time been the awe and envy of every other civilized nation. Yet it is less of an economic phenomenon than the natural heritage of a resourceful and well governed country populated by an energetic and thrifty people, imbued with the spirit and willingness to "carry on."

Although economic principles have become more clarified in the mind of the average individual, it is still the rule rather than the execption to find many investors taking a stork-like attitude toward these principles and the unalterable manner of their application. It is, of course, only natural for a person with the ability to earn more than a living wage and achieve comfort and financial independence, to surrender to the urge of his ego and give credit to his own efforts. In that he is not entirely wrong but the failure on his part to recognize the futility of his talents minus the opportunities created by forces beyond his personal control is inexcusable. It would be to his advantage to familiarize himself with these forces that he may be fortified against and prepared for the rise and fall of the economic tides.

The lack of fundamental knowledge on the part of many investors has been emphatically shown by the manner in which they sacrificed investment holdings for what they would bring during the precipitous decline in security values which has recently occurred. The destruction of an unwieldly and dangerous speculative tower effected a much-needed purging and has been welcomed on every side by sane banking and industrial interests.

Of what avail is intelligent security analysis and careful selection of investments to the individual who, almost overnight, is transformed from a confident optimist to a panic stricken pessimist by causes resulting not from any sudden or impending disaster to the economic structure but by the simple expedient of erasing values which had reached heights bordering on the fantastic? Certainly it did not require the knowledge of an erudite economist to realize that the tremendous purchasing power and consumer capacity of this country could not vanish in the air like a wraith. Ordinary logic would have shown that.

Great fortunes have been made by men with the ability to remain calm under distressing conditions and undoubtedly the foundations for many future fortunes were laid during the country's latest panic. It is hardly fair to say that they will be created at the expense of those uninformed individuals who were stampeded into hasty and regrettable action but that is near enough to the truth to emphasize a very obvious lesson.

It Is Not Too Late to Win a Prize—If You Start Now!

The Last Announcement of The Estate Building Prize Contest Which Closes November 25th

THE Nineteen Twenty-nine Prize Contest conducted by the BYFI Department closes in just about one week from the date of this issue. In other words, to be eligible for one of the prizes, the manuscript for your article must be received by us before the end of the business day of November 25th. So you still have time to prepare your "story" if you start right now.

This is the last announcement that will appear before the contest closes, however, so we will take this occasion to review some of the facts and inquiries that readers have written to us about the contest since it was first announced.

In one form or another some interested parties have asked us this question: Is the subject limited exclusively to "Estate Building"? To qualify for a prize under the announced rules of the contest, the entry must pertain to the general subject of Estate Building—a subject that provides, however, an almost endless variety of topics. We define the term "estate building" in its broadest sense of making or conserving wealth for the purposes of the prize contest. In its various ramifications, this may represent one's dealings in securities; thrift plans for the systematic accumulation of funds; budgeting; home-owning; insurance coverage; making a will, and similar topics with a specific bearing on financial self-advancement. In selecting your topic, consider well the practical value of what you have to write about and then proceed to tell your story as briefly as possible.

This raises another question: "What do we mean by brevity?" To this we answer, "only as much space as you need to tell your story"—do not pad it out for the sake of filling space. And, while no space limitation is imposed, it is pointed out that articles of more than 2,000 words are seldom suitable for publication.

And then, although we have already made this pretty clear, a number of correspondents raise the question as to who is eligible for the contest—must one be a regular reader or a subscriber? Everybody is eligible for this contest whether or not they are readers or subscribers. This contest is conducted to stimulate interest in the problem of Estate Building and all its ramifications, both among the readers of this publication and non-readers. No one is barred from trying for a prize except employees of THE MAGAZINE OF WALL STREET and members of their immediate families.

Now, with these questions settled, if you have not sent in your prize contest article, do so at once. Everyone has some idea or other about the best way to make money or how to use it to the greatest advantage after it has been accumulated. The sobering effects of recent markets will perhaps change one's ideas about estate building; increase its importance perhaps as the sure road to financial independence. It is your ideas along these lines that we hope the contest will be instrumental in uncovering. Aside from the zest of competition and the added inducement of a possible cash price, you will find it helpful to put your ideas down in black and white. Remember it is not literary merit that will win the price but the practicality of the article and its general interest. With these comments, we heartily invite your participation on the basis outlined by the specific rules again presented below, and "may the best man win!"

THE B. Y. F. I. PRIZE CONTEST FOR 1929

First Prize—$100.00 **Second Prize—$50.00** **Third Prize—$25.00**

RULES OF THE CONTEST

The Contest is open to all, whether or not you are a subscriber.

All manuscripts must be submitted in typewritten form, marked for the attention of Prize Contest Editor, The Magazine of Wall Street, 42 Broadway, New York City.

The manuscripts must be received at the above address, not later than Monday, November 25th.

Prizes will be awarded when the winning contestants are announced in the December 14th issue.

Articles which do not win a prize, but which are considered suitable for publication, will be paid for at regular rates, if and when they are published.

The articles will be judged by the Prize Contest Editor on the basis of practical value, originality of ideas and general interest.

No space limitations are imposed but brevity is a desirable quality.

"Uncle" Hickman Advises Caution

An Experience Story Inspired by the Recent Market Break That Draws a Helpful Moral for Other Readers

As Related by E. M. L.

SATURDAY morning as I walked into the dentist's waiting-room, I saw Wally Berg there, reading the financial sheet of the newspaper.

"I see big interests got busy yesterday and the market steadied," he said.

"Yeah," I answered, "But I'm thankful to say I dragged in a couple good fish at low tide. It's an ill wind that blows nobody good!"

"I'll say, and so did I." And you ought to have seen that boy's face light up! "I had a funny experience yesterday, Bill," he said. He was so eager to tell me all about it that I couldn't have choked him off if I'd wanted to. But I just didn't fancy the idea of Wally dabbling in the market; he's—well, not just excitable, exactly, but too enthusiastic, sort of, and young. And quick; even if he is just starting out in life, already he has a nice wife and a cute kid, and a well paying job. But they seem to spend pretty light heartedly and don't appear to be trying to buy a home or save anything out of young Berg's income.

Well, he started in, just bubbling over, and his story made *me* stop and think. It may be useful to someone else. At any rate here it is:

* * *

Do you know, Bill, I never used to bother about the market. Then before I was married, to accommodate Pete Banks, I bought twenty shares of S. and S. because he had a large block to sell. It's a small company and the stocks inactive. I paid fifty dollars, par, and it's now sixty-five, and pays five dollars a year. I call that swell, wouldn't you? And it has held up well all this week, only dropped four points yesterday. Then early this summer a fellow who did something for me once asked me to help him get some money quickly and quietly. He pledged some odd things he had, four American Telephone and Telegraph bonds, four of the same stock, and five Southern Pacific. It strapped me to help him out but I did, and when in the end I found myself holding these securities I was proud of them!

Well, then I took to watching the market a little, naturally, and the first thing I knew I began to get a fierce appetite for more securities. I brooded and studied. But it was no use as I had no cash.

Then the market dropped and I was about crazy. Gee! I had the itch! You see, if a fellow has faith in his own country, he knows everything good is bound to come back—with patience. But all the cash I had was just a few hundred for Christmas and some insurance and big bills that are due around the first of the year.

However, it began to come to me that I'd heard of borrowing on the stocks you have and buying new. So thinking it over, I decided to go to the Commercial Trust Company yesterday, to go to old Hickman, who is a friend of the family—almost a relative. I felt sure he would give me a fair deal, or rather, would be "easy." Easy?—me eye!

Neither the bank nor Hickman seemed crazy to see me—when I sent in my message, they kept me waiting a long time; and I developed a bad case of cold feet—nearly backed out and left several times. Then when I got in Hickman's office, there was his secretary, which further cramped my style. Gee! I wanted to ask him to send her away, but didn't dare. And Hickman was polite but "different" when it came to business matters.

"Uncle Hickman," I said—immediately feeling the address to be inappropriate there—"I—I have some good securities I'd like to borrow on so I can buy more stocks while the market's down."

And he just looked at me. Bye and bye he asked, "What are they?"

So drawing a slightly relieved breath, I told him.

"Doubtful—inactive—not tried," he murmured about the S. and S. Then, "What do you want?"

"Here—here's the list," I said pulling this paper out of my pocket. See, Bill. And I said to him modestly, "These are all good, are bound to go up, so I thought you might even let me have these and some more that I have in mind, besides."

* * *

But he just took the paper and then read over the list aloud slowly, commenting on each one with a single word, or hardly that, only a sound. Here, I'll do it for you as nearly as I can:

"Ten International Telephone, $1060—U-u-m; 10 Anaconda, $1020—Hu-um; 10 General Motors, $540—Uh; 10 Texas Corporation, $550—Not bad; 10 Kennecott, $650—Hu-um; 10 Amer. Car & Foundry, $850—We-ell; 10 Lehigh Valley, $770—Hu-um; 5 United States Steel, $715—Huh; 5 Southern Pacific, $685—Um."

That was all he said, but by the tone

The practice of buying stocks on borrowed funds has an inherent element of danger that makes it generally unsuitable for the small investor. This department has always counselled the uninitiated to buy outright for investment, whether in stocks or bonds and continues to emphasize the wisdom of such a policy. This refreshing story is presented here because it illustrates again how the conservative point of view scores under all market circumstances.

of his voice I thought I knew what he meant, how he felt about each, and I thought, "Great! He'll let me have 'em all! And maybe I can really ring in a few others."

Then he said, "Wally, if you had your choice—of all—for security and appreciation both, what would you choose?"

"Why—why—I believe—Texas," I answered, "Though it's not my favorite. . . ."

"Well, what *is* next your heart?"

"Oh! the coppers—first Kennecott, then Anaconda. . . ."

"So be it," said he after a moment's thought. "Endorse the certificates and hand them over," he ordered, for I had my old securities with me.

"Wh-what!" I gasped, "I—oh! Listen!—I just must have some General Motors and . . ."

"I'm not so favorable toward the motors—though, of course, this is your affair."

"But—but—Car & Foundry, now," I stuttered, "I know a *lot* about that. Fellow I know just got his job back with an equipment company, their business is picking up. Export is stirring—they are sending fellows abroad again to assemble. I know all this—I have seen—though of course the business has its ups and downs. But you know American Car & Foundry has a surplus to cover three years' dividends?"

He listened attentively; afterwards I realized he was interested. But he shook his head, "You have enough."

"But oh!" I yapped desperately, "Only *three!* And I want those five Southern Pacific to make ten, and I want to round out my American Telephone and Telegraph—ten, or six, or even one share—and Lehigh Valley—now that can't be beat."

"Rich man's stock—no income," he said, "And *why* the other two? American Telephone will likely issue rights or split up or do something like that soon, and you must not forget the payments at the first of the year on those bonds to convert them into stock . . . ." Then he turned and dismissed his secretary on an errand, and he must have given her the high sign, for she didn't turn up again.

I was all upset.

"Wally," he said then, "You're right. It *is* a good time to buy and practically all you've mentioned are good stocks, but I won't let you have more than the three mentioned—not in this bank. But I don't want to coerce you and you may go somewhere else if you want to, but I wouldn't. I want to tell you something that is on me. And I'm going to give you some good advice—advice that will stick with you even if you don't like it.

* * *

"Now listen! I suffered fifteen years of anguish once just because there was

no one to say what I'm saying to you this morning. If I'd had this advice I'd be further along now, I can assure you."

Well, that didn't worry me so much, for I thought he was just about as far along as anyone would want to be, but I was interested in his blunder, surprised that he could make a mistake.

"I started out at just about your age, just like you," he went on, "borrowing on a few good things that I'd managed to select and pay for after great effort; but I went to a friend and he proved an enemy, though not intentionally—he really wanted to help me. This banker friend saw that I had a flair for finance—which I believe you also have—and he let me borrow to the limit, eighty per cent, sometimes more; till I actually grew intoxicated with buying, as greedy as you are this morning. But it took me fifteen wretched years to get out of the mess. I don't like to think of it now—if he had only halted me instead of encouraging me! But I made up my mind then not to let any other young man get too much involved in the market if I could help it.

"Now listen! You have three good stocks, Texas, Kennecott, Anaconda and at the same time there is enough speculation in them to make them interesting. They aren't dull. I really should have put you into bonds, but these aren't enough to swamp you if any one should go wrong, which may happen—with anything. Then too, these three stocks are going to pay their bed and board. Do you realize that? They will pay you one hundred and fifty dollars, and cost only one hundred forty or thereabouts in interests." Then his eyes twinkled, "Better give that ten dollars to Dorothy to lay aside for a house fund."

I grinned ruefully, I must confess. But I handed over the certificates.

And then what do you suppose that old tightwad said?

"And ah!—Wally, don't forget that we will require you to pay off two hundred dollars of this note every three months."

* * *

Now what do you know about that?

And, Bill, when I got home and explained all that to Dorothy, she was terribly indignant, for I'd told her often how wonderful those stocks were and how fast we'd get rich if I could buy them, and she wanted to get rich even quicker than I.

"To think that he wouldn't let you get even *one share* of American Telephone and Telegraph," she moaned. "Listen, Wally, you just go and get it anyway. Get the ten shares. Borrow on your insurance and I'll give you my two Liberty bonds, and you can hock the new shares at another bank. . . ."

"Nope," I interrupted those bright dreams sadly, "It hurts, but I guess the old boy is right, all right."

And, Bill, I believe he is—especially about that two hundred dollar payment.

* * *

I thought he was too, and as I sat in the dentist's chair later, with plenty of time to think it over, I wished I'd met old Hickman a few years earlier in life!

How Life Insurance Trusts and Optional Settlements Conserve Policy Proceeds

A Comparison Between These Two Instruments for Estate Building

By Florence Provost Clarendon

IN creating an estate for the protection of dependents, the head of the family should remember that in addition to money, *Money Management* must be considered if these funds are to be conserved after the breadwinner is gone. Executive ability along financial lines is not common to those inexperienced in business life. Investment is a field in itself, and knowledge of this subject does not come as a gift from Heaven, but is the result of careful study, training, and experience. If the wife and children have not been accustomed to handling their own investments and managing their own financial affairs, it is practically certain that advice and guidance will be needed when they are left to carry on alone.

In many large estates, as well as most small ones, the principal asset is life insurance. The late Rodman Wanamaker carried $7,500,000 of life insurance, and was said to have been in his day the most heavily insured individual. In the case of the man of modest means, it often happens that a few thousand dollars insurance is his entire estate. Life insurance companies give precedence to death claims over other routine business, and these claims are promptly met. A check in payment of proceeds is usually sent off the day the claim papers are approved; sometimes it is given to the messenger who presents the claim.

Dissipation of Insurance Benefits

These life insurance funds are sometimes lost or wasted, however, through the beneficiary's inexperience in handling money for investment, and this wastage has for some time occupied the attention of life insurance experts with a view to protecting the dependents of the insured. The result is that more and more stress is now laid on the desirability of leaving life insurance in the form of *income*, while a new development of banking service has appeared in the "Life Insurance Trust." There are, nevertheless, many cases where payment of policy proceeds in a lump sum is entirely to the best interests of the beneficiary, and it cannot be assumed that an income basis is always preferable or advisable, particularly when the life insurance is of small amount.

Both life companies and trust institutions are doing fine work along economic lines of safeguarding insurance funds. Each method of conserving the policy proceeds has its own peculiar advantages and merits. Whether the proceeds are left with the life insurance company to be paid in income instalments, or placed with a trust company for administration, is a matter for the insured's personal decision. He knows best his family conditions, and the particular contingencies which should be taken into account when planning the family's future welfare. Consideration of the question, however, leads a man to view his estate in the light of the *income* it will yield. He gets a more definite idea of the amount of protection he should provide. Life insurance of $25,000 looks like fair coverage for a man of moderate means—with an income, say, of $5,000 or $6,000 a year—until he commences to analyze it in the amount of *income* it will provide for the family when he is gone.

The Life Insurance Trust

Although the life insurance trust is to a great extent modern in its development, the principle is not new in this country. As far back as 1869 an agreement was executed with one of the old Philadelphia trust companies, under which the proceeds of a life insurance policy were paid to the institution, the fund to be invested and the

Features of an Insurance Trust

The usual methods of administrating a Life Insurance Trust are:

(1) An Unfunded Trust, in which the life insurance policies are made payable to the trustee, the insured continuing to pay premiums as formerly;

(2) A Funded Trust, under which securities are placed with the trust company in amount sufficient to provide an income to pay policy premiums which are paid by the trustee; and

(3) A Cumulative Trust, under which the insured makes periodic deposits which are more than sufficient to pay policy premiums, the excess being used to build up a fund which eventually yields a sufficient income to pay policy premiums without further deposits by the insured.

Features of Settlement Options

The usual options may be outlined as follows:

(1) Payment of interest on the sum insured during life of beneficiary, or for a specified period of years, with payment of principal sum at the end of time;

(2) Payment of proceeds in equal instalments, usually monthly or annually, for a fixed period of years, such as 5, 10, 15, or 20 years, after which period the income ceases;

(3) Payment of equal instalments for a fixed period of years, with continuation of such instalments so long as the beneficiary lives after that time; and

(4) Payment of an income of fixed amount until the principal sum is exhausted with interest credited annually on unpaid balance of insurance funds.

The income under Options (2) and (3) is increased annually by dividend earnings.

income paid to the insured's children, and to the survivor of them. This trust is still operative. Other old life insurance trusts of similar type are still extant, but it is only within recent years that estate protection along more highly developed lines of trust company service has gained popular recognition.

The fundamental theory of the life insurance trust is that an estate shall be created through life insurance, and administered by a trust company or similar fiduciary. The agreement drawn up between insured and trust company varies according to the individual circumstances and the institution administering the fund.

Estate funds left with a trust company for administration must, under the law, be kept separate. Securities are ear-marked for the individual estate; any profit on the fund's investments inure to its credit, likewise any losses are charged against it.

Trust Plan Is Elastic

The broad flexibility of the life insurance trust permits of special powers on the part of the trustee. Family conditions and environments show many variations; the needs of one family differ widely from those of another. Under these trust agreements the trust company may be empowered to use some of the capital funds (in addition to paying stipulated income) of the insurance estate in case of an unforeseen contingency arising when immediate cash is needed. Emergencies may arise which were unthought of when the insured planned the disposition of his estate; the serious illness of a member of the family may necessitate special funds, peculiar conditions may develop requiring funds which cannot be supplied from the regular income. The trust company has the power to handle such situations as seems best suited to the peculiar needs of the heirs, and this discretionary power on the part of the trustee introduces a particularly human and personal service for the family of the insured

The charge imposed on the estate for the services rendered by the trust company is usually rated proportionately on the amount of the estate involved. Most state laws have fixed a maximum scale for these charges, although as yet there is no standardizing of the cost. The stipulated service charge of the trust company is at times augmented by attorney fees for legal advice other than that supplied by the trust company officials.

When life insurance proceeds are administered by a trust company there is no guaranteed minimum rate of interest, the return being that earned on the *individual* estate. At present the net rate paid by trust companies after deducting *fixed* charges is slightly higher on the average than that paid by most life companies on funds left on deposit. On the other hand, there is a much greater fluctuation in the average rate earned on the individual trust than is experienced by the average rate of life companies' earnings.

Income Settlements by Life Companies

The policies of "old line" life insurance companies are to a great extent standardized; certain provisions and benefits are common to all. Practically all of the companies offer *optional modes of settlement* in paying policy proceeds. The life insurance may be paid in a lump sum, or as income according to the option selected.

The options outlined in the accompanying box are sufficiently varied to meet the plans of most policyholders who wish to guard against dissipation of funds paid in a lump sum, and to provide a regular income for family protection. To guard against miscarriage of such plans, it is usual for the insured to stipulate when selecting an option of settlement that the beneficiary must adhere to the plan chosen by him.

When *discretionary* powers are to be exercised in payment of policy pro-

(*Please turn to page 159*)

BYFI RECOMMENDS—

For Saving

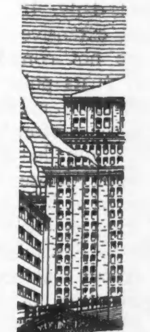
1. SAVINGS BANKS. A convenient depository for the accumulation of regular or intermittent savings at compound interest. Funds are always available and may be withdrawn as soon as they reach suitable proportions for employment in more profitable mediums.

2. BUILDING AND LOAN shares serve as convenient, long range (10 to 12 years) mediums for the accumulation of savings. Through regular monthly payments this form of savings also possesses the element of gentle compulsion.

3. ENDOWMENT INSURANCE is a means of securing insurance protection and at the same time accumulating savings. Also possesses merit of regularity in savings but in view of small return, should not occupy too large a place in the accumulating program.

For Investment

Security	Recent Price	Yield %
1. Illinois Central 40-Year 4¾s, 1966	98	4.9
2. Public Service Elec. & Gas, 1st & Ref. 5s, 1965	102	4.9
3. Standard Oil of N. Y. deb. 4½s, 1951	96	4.8
4. Western Pacific 1st 5s, 1946	97	5.3
5. Youngstown Sheet & Tube 1st SF. "A" 5s, 1978	100	5.0
6. New York Steam 1st "A" 6s, 1947	104	5.6
7. Chesapeake Corp. Conv. Coll. 5s, 1947	97	5.3
8. Associated Dry Goods 1st 6% Pfd.	85	7.0
9. Hudson & Manhattan Conv. 5% Pfd.	71	7.0
10. Southern Pacific Common $6	120	5.0



The BYFI Recommendation Table is intended primarily to serve as a constant guide to inexperienced investors through the early stages of their income building program. On the left, the advantages of each of three principal mediums for accumulating regular savings are outlined. On the right, a progressive tabulation of investment securities suitable for the employment of sums accumulated through savings is presented. These issues, if purchased in the order listed are intended for a permanent investment, and as such, will ultimately provide a sound backing of income producing securities, affording safety of principal, fair return, and offering the protection of diversity.

·SERVICE·SECTION·

ANSWERS TO INQUIRIES

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Inquiries cannot be received or answered by telephone nor can personal interviews be granted. Inquiries from non-subscribers of course will not be answered.

BARNSDALL

I am all at sea as to what course I ought to follow with my Barnsdall. What shall I do? I paid about 16 points above today's prices.—C. J. R., Racine, Wis.

Barnsdall Corp. is an important producer of crude oil, and also possesses refining, marketing and pipe line facilities, but has not yet achieved the status of a completely integrated organization, although it is steadily working toward that end. It has large interests in the Seminole field but the most important recent development has been in the Elwood Terrace field in California where Barnsdall's production has averaged 12,000 barrels daily, with much greater potential output, which has been held back by proration agreements. Total production from those two properties is running around 30,000 barrels daily. In addition, the company has extensive mining interests, which are not considered permanent inasmuch as its policy is to gradually relinquish metal mining activities. Income for the 8 months ended October 31st, 1929, equalled $2.37 a share and should approximate around $3.25 a share for the full 1929 year which would compare with $2.25 a share in 1928. Favorable and contrary factors about balance in Barnsdall's case, restriction of Elwood Terrace output for the more immediate future offsetting the recent satisfactory earnings. We suggest continued retention of present holdings as opposed to a sacrifice sale, believing that the shares are likely to command higher quotations with a return of anything resembling stabilized conditions in the general stock market.

Are You Sure of Your Broker?

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

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1. ***Be Brief.***
2. ***Confine requests for an opinion to THREE SECURITIES ONLY.***
3. ***Special rates upon request to those requiring additional service.***
4. ***Write name and address plainly.***

INTERNATIONAL TEL. & TEL.

The price of International Tel. & Tel. means a good deal to me, as I have quite a large percentage of my capital in this stock. Do you think it will get back to 130 or 140 very soon again?—W. G. T., Chicago, Ill.

International Telephone & Telegraph Corp. was organized in June 1920 as a holding and management company to develop international electric communication in all its branches and after extending activities to all six continents in the brief space of nine years, it is now entering the second phase of development by concentrating attention on building up the earning power of the 48 associated companies. The rapid growth of the organization has provided the foundation for a world wide communications system, but earnings have been retarded, in a measure, by the necessity of making large investments without immediately compensating returns. Financial position is impregnable, and the company seems to face an excellent long term outlook, in view of the extraordinarily wide field for development, and its vigorous expansion policy may be expected to find due favorable effect in later income accounts. The shares are likely to continue somewhat sensitive to unsettled conditions in the general stock market, but they have attractive possibilities for the long pull, and we are confident patience will bring its own reward.

INSPIRATION CONSOLIDATED COPPER

I have held 300 shares of Inspiration for several years and have great faith in the company, but you have advised me correctly regarding this stock several times and I wish you would let me know what your position is now regarding it. In other words, what do you see in the outlook for Inspiration?—R. F. L., Des Moines, Iowa.

Inspiration Consolidated Copper ranks among the leading porphyry copper producers, turning out 15% of this product. In addition to mines and

(Please turn to page 150)

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TRADE TENDENCIES

Business In Sound Position

Slackening Tendencies Apparent in Some Lines But Outlook Encouraging—Prices Hold

STEEL

Condition Sound

TWO favorable developments in the steel industry have tended to overshadow whatever pessimism was engendered by the crash in security markets. First, the major steel company absorbed an independent Western manufacturer, thus broadening its field on the Pacific Coast. Second, a long anticipated merger of two smaller companies was consummated, supposedly representing a nucleus for further extensive combinations of independents which will put this group in a more advantageous position.

In addition to these events it may be noted that production rates are being sustained and that consumption should be in good volume through the near period. All consuming industries are said to have virtually no steel stocks on

(*Please turn to page 155*)

COMMODITIES*

(See footnote for Grades and Units of Measure)

	1929 High	1929 Low	1929 Last
Steel (1)	$36.00	$33.00	$35.00
Pig Iron (2)....	18.50	17.50	18.50
Copper (3)	0.23½	0.16¾	0.18
Petroleum (4) ..	1.45	1.20	1.45
Coal (5)	1.75	1.60	1.75
Cotton (6)	0.21⅛	0.18	0.18
Wheat (7)	1.65⅜	1.24⅛	1.44
Corn (8)	1.21¼	0.98¼	1.10⅛
Hogs (9)	0.11¾	0.08⅞	0.94
Steers (10)	17.25	14.25	15.50
Coffee (11)	0.18½	0.12	0.12
Rubber (12) ...	0.26¼	0.18⅝	0.19½
Wool (13)	0.45	0.36	0.36
Tobacco (14) ...	0.14	0.14	0.14
Sugar (15)	0.04	0.02 1/16	0.03⅞
Sugar (16)	0.05½	0.04⅞	0.05¼
Paper (17)	0.03¼	0.03¼	0.03¼
Lumber (18) ...	25.38	21.55	21.55

*Nov. 2, 1929.

(1) Bessemer billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 2 Yellow, New York, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.: (11) Rio, No. 7, spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. $ per M.

THE TREND IN MAJOR INDUSTRIES

STEEL—With railroad buying at exceptional levels and requirements of automobile manufacturers expected to show some increase in the immediate future, production rates should be steady for the next few weeks. Prices are becoming firmer and earnings are held to good levels.

METALS—Uncertainties in the security markets are said to have delayed fourth quarter buying to some extent. However, orders should be in better volume with easing conditions. With quotations unchanged at 18 cents, producers' profits are well in excess of this time last year.

PETROLEUM—The action of major producers on the West coast in reducing crude prices has made other interests in that area more amenable to curtailment programs and, with cooperation in other sections, production should be decreased to reasonable proportions during the current season. Thus the general situation should be materially better after current corrections have run their courses.

SHOES—Manufacturing activity is tapering somewhat after the exceptionally heavy rates of the past two months. However, it is estimated that sales volume is sufficiently heavy to assure the larger companies of increased earnings even under prevailing narrowed profit margins.

TIRES—Notwithstanding the fact that production has been curtailed since last July, inventories of finished tires are larger than at this time last year. Sales volume has fallen below earlier anticipations largely because of cheap mail order competition and it is doubtful whether earnings of large interests will measure up to previous expectations.

AUTOMOBILE ACCESSORIES—Manufacturers are currently reported to have decreased output to meet reduced requirements of the automobile industry. Replacement demand may be depended upon to mitigate, to some extent, depressing effects of reductions in automobile output and while net profits are suffering somewhat, they are still on a fair plane.

GRAIN—In sympathy with the recent stock market breaks, simultaneous liquidation took place in the grain markets, carrying prices to the lowest point since early Summer. However, quotations have since shown commendable resiliency and recovery to former levels is expected in the near future.

MACHINERY—Reflecting a decrease in industrial requirements, production of machinery has been falling off in the past few weeks. Such recession, however, is largely seasonal, most industrial producers having retooled in the early Fall, and will have little effect on anticipated earnings.

SUMMARY—General conditions, in the main, seem sound and fairly well balanced. There is nothing in present states of trade and industry to suggest a recession of major proportions in the near term.

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OIL SECURITY PRICES AND EARNINGS

A detailed discussion of the oil group has recently been prepared by Fenner & Beane, members New York Stock Exchange, a copy of which will be forwarded to you upon request. (591).

COMMERCIAL INVESTMENT TRUST

A circular describing this corporation has been prepared by the Stock Exchange firm of J. R. Schmeltzer & Co., and a complimentary copy of the circular will be sent to those interested. (592).

TEN LEADING OIL COMPANIES

are analyzed in circular issued this week by Dunscombe & Co., members New York Stock Exchange, and will be sent free upon request. (593).

GENERAL AMERICAN TANK CAR CORPORATION

A special circular on the securities of this important railroad equipment corporation has been prepared by Newburger, Henderson & Loeb, members New York Stock Exchange, and a complimentary copy will be forwarded upon request. (594).

NORMANDIE NATIONAL SECURITIES CORPORATION

invites your inquiry and offers the facilities of their investment and statistical departments without obligation. Send in your list of holdings for analysis. (596).

DOME MINES

A special report on this company—Canada's great gold producer in the Porcupine District, has recently been prepared by the Engineering and Statistical departments of Solloway, Mills & Co., specialists in Canadian mines and oils, and will be sent upon request. (598).

CONTINENTAL OIL CO.

The position of the securities of this important oil company is commented upon and the securities analyzed in the current weekly review of Prince & Whitely, members New York Stock Exchange. Copy free upon request (601).

FEDERATED CAPITAL CORPORATION

The common stock of this corporation is recommended as an investment bargain by P. H. Whiting & Co. Send today for descriptive literature showing the enviable position of this security. (603).

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is equipped to manufacture fully 50% of the products that go into the construction of a modern industrial plant. They also specialize in the design, construction and installation of special equipment to meet the particular building requirements of leading manufacturers. H. W. Noble & Co., members New York Stock Exchange, have prepared an analysis discussing the position and prospects of the convertible preferred stock of this company listed on the Detroit Stock Exchange. Send for your copy. (604).

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New York Stock Exchange

RAILS

	1927		1928		1929		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	11/6/29	Share
A								
Atchison	200	161¾	204	182⅝	298⅝	195⅛	217	10
Do Pfd.	106⅜	99⅜	108½	102½	104½	99	102	5
Atlantic Coast Line	205½	174⅞	191½	157⅛	209½	165	175½	10
B								
Baltimore & Ohio	125	106½	125⅝	103¾	145⅛	112	116	7
Do Pfd.	83	73¼	85	77	80½	75	80¼	4
Brooklyn-Manhattan Transit	70⅝	53	77¾	53⅝	81⅞	40	54	4
Do Pfd.	88	78⅛	95⅝	82	92⅝	79	80	6
C								
Canadian Pacific	219	165	253	195½	265⅝	191⅛	198	10
Chesapeake & Ohio	218½	151⅜	218⅜	175½	279¾	194⅜	195	10
C. M. & St. Paul & Pacific	19¾	9	40½	22¼	44⅞	20	21⅛	..
Do Pfd.	37½	..	59⅝	37	68⅝	30	35⅜	..
Chicago & Northwestern	97½	78⅜	94¼	78	108½	79¾	81	4
Chicago, Rock Is. & Pacific	116	68½	139⅝	106	143½	110	115	7
Do 7% Pfd.	111¾	102¾	111½	105	109	104½	104½	7
Do 6% Pfd.	104	95¼	105	99½	102⅞	96⅞	99⅞	6
D								
Delaware & Hudson	230	171⅛	226	163¼	226	141⅛	160	9
Delaware, Lack. & Western	173	130⅛	150	125¼	169¾	120¼	140½	6
E								
Erie R. R.	69¾	39½	72½	48¾	93½	43	48½	..
Do 1st Pfd.	66¼	52⅜	63⅞	50	66¼	57	60	4
Do 2nd Pfd.	64½	49	62	49¼	63⅞	55	55	4
G								
Great Northern Pfd.	103⅞	79⅝	114¾	93½	122¼	93⅛	95	5
H								
Hudson & Manhattan	65⅞	40⅛	73½	50⅛	58⅜	34½	48⅜	3½
I								
Illinois Central	139⅜	121½	148¾	131¾	153½	123	128	7
Interborough Rap. Transit	52⅛	30½	62	29	58⅜	15	17¾	..
K								
Kansas City Southern	70¼	41¼	95	43	108⅞	60	75	5
Do Pfd.	73½	64⅞	77	66½	70½	63⅛	66	4
L								
Lehigh Valley	137½	88½	116	84⅛	102¼	74	†73	..
Louisville & Nashville	159⅛	128⅜	159½	139⅝	154¾	110	126	7
M								
Mo., Kansas & Texas	56½	31⅛	58	30½	65¾	30	32	..
Do Pfd.	109½	95¾	109	101½	107½	99	100⅛	7
Missouri Pacific	62	37⅞	76¼	41⅞	101⅜	55	66	..
Do Pfd.	118⅝	90⅛	126⅞	105	149	120	125	5
N								
New York Central	171⅛	137⅛	196½	156	256½	175	179⅞	8
N. Y., Chic. & St. Louis	240½	110	146	121¼	192⅜	128½	140	6
N. Y., N. H. & Hartford	63¼	41⅝	82¾	54⅝	132½	80⅞	100	5
N. Y., Ontario & Western	41¾	23¼	39	24	23	12	13⅝	..
Norfolk & Western	202	156	198½	175	290	191	221	3
Northern Pacific	102⅛	78	118	92⅝	118⅞	85	87⅛	5
P								
Pennsylvania	68	56¾	76⅞	61⅞	110	72½	85	4
Pere Marquette	140½	114½	154	124⅞	260	148	†195	..
Pittsburgh & W. Va.	174	122½	163	121¼	148¾	110	107	6
R								
Reading	123⅜	94	119⅝	94¼	147¾	101½	121	4
Do 1st Pfd.	43½	40⅛	46	41⅛	50	41½	46	2
Do 2nd Pfd.	50	43¾	59⅞	44	60⅜	43⅝	46½	2
S								
St. Louis-San Fran.	117¼	100¾	122	109	133¾	104	112½	8
St. Louis-Southwestern	93	61	124½	67⅛	115⅝	60	72½	..
Southern Pacific	126⅞	106¼	131¼	117⅝	157½	115⅛	120	6
Southern Railway	149	119	165	139½	162½	126	130¼	8
Do Pfd.	101⅛	94	102¼	96⅝	99¼	93	97½	5
T								
Texas & Pacific	103⅞	53⅞	194⅝	99⅛	181	120	120	5
U								
Union Pacific	197¾	159½	224⅞	186½	297⅝	209	215⅛	10
Do Pfd.	85¾	77	87¼	82⅛	85½	80⅛	81	4
W								
Wabash Pfd. A	101	76	102	88½	104⅞	88¼	†86	..
Western Maryland	67⅞	13⅜	54¾	31⅜	54	10	18⅜	..
Do 2nd Pfd.	67½	23	54⅞	33⅛	53½	17	20	..
Western Pacific	47½	25⅛	38½	28¼	41⅞	15	24	..
Do Pfd.	76⅜	55	62½	52½	67¾	45⅛	45½	..

INDUSTRIALS and MISCELLANEOUS

	1927		1928		1929		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	11/6/29	Share
A								
Abitibi Power & Paper	150¼	83	85	36⅛	57⅞	37½	42	..
Abraham & Straus	118¾	62¼	142	90	159½	73	73	..
Advance Rumely	15⅜	7⅝	65	11	104⅞	7	15	..
Air Reduction, Inc.	199½	134½	99⅝	59	223⅜	95½	100¼	3
Ajax Rubber, Inc.	13¾	7½	14⅝	7⅛	11¼	2½	2⅞	..
Allied Chemical & Dye	169¼	131	252¾	146	354⅜	204¾	207	6
Allis Chalmers Mfg.	118¾	88	200	115⅛	75½	37¼	44½	3
Amer. Agricultural Chem.	21½	8⅛	26	15⅝	28⅝	4	7	..
Amer. Bank Note	98	41	159	74¾	157	92	95	2
Amer. Bosch Magneto	26¾	13	44⅝	15⅜	76½	28⅞	34⅞	..
Amer. Brake Shoe & Fdy	46	35½	49½	39⅞	62	43½	47	2.40
American Can	77⅝	43⅝	117½	70½	184¼	105	115	4
Amer. Car & Fdy	111	95	111½	88¼	106½	76	83¼	6
Amer. & Foreign Power	31	18⅞	85	22⅝	199¼	50	60	..
American Ice	32	25¾	46⅝	28	54	29	33½	2
Amer. International Corp.	72⅝	37	150	71	96⅜	30	36	2
Amer. Metal Co., Ltd	49⅝	36½	63¾	39	81¾	41½	48	3
Amer. Power & Lt.	73⅜	54	95	62¼	175⅜	73¾	79	1
Am. Radiator & Stand. Sanitary	147⅞	110½	191½	130⅛	55⅝	28	33½	1½
Amer. Safety Razor	64⅞	42	74⅞	56	74¾	51¼	52	4
Amer. Smelting & Refining	188¾	132⅝	293	169	130¼	76	76	4

Price Range of Active Stocks

INDUSTRIALS and MISCELLANEOUS—(*Continued*)

	1927 High	1927 Low	1928 High	1928 Low	1929 High	1929 Low	Last Sale 11/6/29	Div'd $ Per Share
A								
Amer. Steel Foundries	72¾	41⅛	70⅝	50⅛	79⅞	35¾	44	3
Amer. Sugar Refining	95¾	65¼	93½	55	94¾	64	65½	5
Amer. Tel. & Tel.	185⅛	149¼	211	172	310¼	193¼	215	9
Amer. Tobacco Com.	189	120	184⅜	152	232½	160	184¾	8
Amer. Type Founders	146	119⅞	142¼	109⅞	181	135	140	8
Amer. Water Works & Elec.	72⅛	46	76½	52	199	65	74	1
American Wolen	33⅝	16⅛	32⅝	14	27⅞	5⅞	9⅛	..
Amer. Zinc, Lead & Smelt	10¼	5⅜	57	6⅝	49¼	8⅛	10⅝	..
Anaconda Copper Mining	60½	41¼	120¼	54	140	75½	82½	7
Armour of Ill. Cl. A	15⅞	8¼	23½	11¼	18⅜	5⅛	6⅛	..
Do Cl. B.	9⅝	5	13⅛	6⅝	10¼	3½	4	..
Arnold Constable Corp.	55½	21	51¾	35¼	40⅞	10⅜	13	..
Assoc. Dry Goods	53⅝	39½	75⅛	40¼	70¾	28	35	2½
Atlantic, Gulf & W. I. S.S. Line	43½	30⅝	59⅞	37⅛	86⅞	32⅛	69	..
Atlantic Refining	131⅝	104	66½	50	77⅞	30	41¼	1
Austin, Nichols & Co.	10¼	4⅛	9¼	4⅜	11¾	3¼	3½	..
B								
Baldwin Loco. Works	265¾	143⅛	285	235	66⅝	15	22	..
Barnsdall Corp. Cl. A	35½	20⅜	53	20	49⅛	20	23⅝	2
Beech Nut Packing	74¼	50¼	101⅛	70⅝	101	67	69	3
Bethlehem Steel Corp.	66½	43¾	86⅝	51⅞	140¾	80	86½	6
Borden Company	169	167½	187	152	100½	53	62	3
Briggs Mfg.	36⅝	19⅛	63⅝	21⅛	63⅛	10⅛	13	..
Bucyrus-Erie Co.	31	21½	48¾	24½	42¾	14	20⅛	1
Burns Bros. new Cl. A Com.	125¾	85⅛	127	93½	127	93¼	93⅛	8
Do new Cl. B Com.	34¾	16¼	43⅜	15⅞	39	22⅝	25	..
Byers & Co. (A. M.)	102¾	42	206¾	90½	192⅞	60	60	..
C								
California Packing	79	60¼	82⅝	63⅛	84⅞	63½	69	4
Calumet & Arizona Mining	123⅛	61⅛	133	89	136¾	97	97	10
Calumet & Hecla	24¾	14⅛	47⅜	20⅛	61⅞	25	32¼	4
Canada Dry Ginger Ale	60⅛	36	86½	54⅞	98¾	45	62	5
Cerro de Pasco Copper	72½	58	119	58½	120	68½	70	6
Chile Copper	44⅜	33⅛	74⅞	37⅝	127½	55	†61	..
Chrysler Corp.	63½	38⅛	140½	54¾	135	28¼	33	3
Cocoa Cola Co.	199½	96½	180½	127	154½	120⅝	129	4
Collins & Aikman	113¾	86	111¾	44⅛	72¼	15	16	..
Colorado Fuel & Iron	96⅜	42⅝	84½	52½	78½	35¼	36	..
Columbian Carbon, V. T. C.	101¼	66⅞	134¾	79	344	119	124	4
Colum. Gas & Elec.	98¾	82⅞	140⅞	89½	140	52¼	65	2
Commonwealth Power	78¾	48⅝	110½	62¼	246	107¼	†111⅛	..
Congoleum-Nairn, Inc.	29¾	17¼	31⅛	22	35¾	11	14¾	..
Congress Cigar	88½	47	87¼	67	92⅝	40	50½	5
Consolidated Gas of N. Y.	125¾	94	170¼	74	183¼	88⅛	91	4
Continental Baking Cl. A	74⅞	33½	53½	26½	90	25¼	35	..
Do Cl. B.	10¼	4	9⅝	3⅜	15¼	4⅝	6	..
Continental Can, Inc.	86⅞	58¾	128⅞	53	92	40½	50¼	2½
Continental Motors	13¾	8⅞	20½	10	28⅜	6⅛	9	.80
Corn Products Refining	68	46⅞	94	64⅜	126⅜	82	89	3
Crucible Steel of Amer.	96¾	76½	93	69¼	121¾	77½	86	5
Cuba Cane Sugar	10⅜	4⅞	7½	4⅜	5½	¾	1	..
Cuban-Amer. Sugar	26½	18⅞	24¼	15⅝	17	7⅛	8⅝	..
Cudahy Packing	58¾	43½	78¼	54	67⅞	38¼	41	4
Curtiss Wright Co.	59¾	45⅛	192¾	53⅛	30⅛	7⅞	10	..
Cuyamel Fruit	55½	30	63	49	126½	63	100	..
D								
Davison Chemical	48½	26¼	68¾	34⅜	69⅛	21¼	30¾	..
Drug, Inc.	..	..	120⅛	80	126⅛	71	80½	4
E								
Eastman Kodak Co.	175¼	126¼	194¼	163	264¾	162	173	5
Eaton Axle & Spring	29¾	21¼	68⅛	26	76¾	27	33	3
E. I. du Pont de Nemours	343⅞	168	503	310	231	80	110¼	4
Elec. Power & Light	32⅜	16½	49⅜	28¾	86⅝	32⅛	36⅛	1
Elec. Storage Battery	79½	63¼	91⅛	69	104⅛	73	82¼	5
Endicott-Johnson Corp.	81¼	64¾	85	74¾	83¾	55	55	5
Engineers Pub. Service	39⅝	21¾	51	33	79⅝	31	39⅝	1
F								
Federal Light & Traction	47	37½	71	42	109	68⅛	†61	..
Fisk Rubber	20	14¾	17¾	8⅞	20⅛	3½	4⅞	..
Fox Film Cl. A	85½	50	119⅝	72	105⅝	40	64¼	4
Freeport Texas Co.	106½	34¼	109¼	43	54⅞	24	29⅝	4
G								
General Amer. Tank Car	64⅝	46	101	60⅞	123½	81	89⅞	4
General Asphalt	96¾	65	94⅞	68	94¾	47	49¼	..
General Electric	146⅝	81	221½	124	403	205	206	4
General Foods	126⅛	92⅝	136⅛	61⅜	81¾	35	47	3
General Motors Corp.	141	113¼	224¾	130	91¾	33½	40⅛	3
General Railway Signal	153¼	82⅛	123⅝	84¼	126½	70	82	5
Gold Dust Corp., V. T. C.	78¾	42	143¼	71	82	31⅛	37¼	2½
Goodrich Co. (B. F.)	96½	42¾	109¼	68½	105¾	42	55	4
Goodyear Tire & Rubber	69⅝	48⅝	140	45⅛	154½	60	72½	5
Graham-Page Motors	..	..	61¼	16¾	49½	7⅝	10	..
Granby Consol., Min., Smelt. & Pr.	45	31⅛	93	39⅛	102⅞	52	60⅝	8
Great Western Sugar	44⅝	35⅛	38⅛	31	44	30⅛	31½	2.80
Greene Cananea Copper	151½	29¼	177¼	89⅜	200½	121	121	8
Gulf States Steel	64	40	73⅞	51	79	55⅛	58	4
H								
Hershey Chocolate	40¼	37⅞	72½	30¾	143⅞	64	81	..
Houston Oil of Texas Tem. Ctfs.	175	60⅛	167	79	109	23	40	..
Hudson Motor Car	91½	48¼	99⅞	75	93½	43	47	5
Hupp Motor Car	36¼	16	84	29	82	18⅝	21¼	2
I								
Inland Steel	62⅝	41	80	46	113	78½	87	3½
Inspiration Consol. Copper	25½	12⅛	48⅞	18	66¾	22	30⅞	4
Inter. Cement	65⅜	45¼	94⅞	58	102¾	54½	55	4
Inter. Comb. Eng. Corp.	64	40⅛	80	45¼	103½	8	12	..
Inter. Harvester	255⅝	135⅝	97⅞	80	142	75	80	2½
Inter. Mercantile Marine	8¾	3⅛	7⅜	3¾	39⅛	26	26	..
Inter. Nickel	89½	38¼	269½	73⅝	72¾	26¾	32⅞	1
Inter. Paper	81½	29⅛	86⅝	50	112	57½	†50	..
Inter. Tel. & Tel.	158⅞	122¼	201	139⅛	149¼	61	75¼	2
J								
Johns-Manville	126	55½	202	96¼	242¾	100	102	3

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New York Stock Exchange Price Range of Active Stocks

INDUSTRIALS and MISCELLANEOUS—*(Continued)*

	1927		1928		1929		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	11/6/29	Share
K								
Kelly-Springfield Tire	32¼	9⅛	25⅛	19¼	24	4	5⅛	..
Kennecott Copper	90⅝	60	156	80⅛	104⅞	65	66⅞	5
Kresge Co. (S. S.)	77¼	45⅝	91¾	65	57½	34	37¼	1.60
Kroger Grocery & Baking	145	119	132¼	73¼	122½	41	51⅛	1
L								
Lehn & Fink	43	32⅝	64⅞	38	68½	30	30	3
Liggett & Myers Tob	128	87½	122⅛	83⅛	106	80⅛	90	4
Lima Loco. Works	76⅜	49	65⅞	38	57¾	34½	35	..
Loew's Inc.	63⅞	48⅞	77	49⅛	84½	32	44	2
Loose-Wiles Biscuit	57¼	35⅛	88¾	44¼	88⅝	45⅛	49⅝	2.00
Lorillard	47⅜	23½	46⅞	23¾	31½	14¼	16⅝	..
M								
Mack Truck, Inc.	118¾	88¼	110	83	114¾	60	70½	6
Magma Copper	58¾	29½	75	43¾	82⅛	50	53	5
May Dept. Stores	90⅜	66¾	113½	75	108½	59⅛	62⅛	4
McKeesport Tin Plate	..	..	78⅜	62½	82	55	55	4
Mexican Seaboard Oil	9¼	3	73	4⅝	69⅜	9¼	14½	..
Miami Copper	20¾	13⅛	33	17¾	54½	20	30½	4
Mont. Ward & Co.	121½	60⅜	156½	115¼	156⅞	49⅛	57⅛	3
Murray Body	43	16¼	124¼	21⅛	100⅞	20	23¼	3
N								
Nash Motor Co.	101⅞	60¼	112	80¼	118⅞	40	49⅛	6
National Biscuit	187	94¾	195¼	159½	236¾	142	160	6
National Cash Reg.	51⅝	39⅞	104¾	47¼	148¾	64	75	3
National Dairy Prod.	68⅞	59¼	133½	64½	86½	36	45	1½
National Lead	202¾	*95	136	115	210	130	130	5
National Power & Light	26¾	19¼	46⅝	21⅞	71¾	25¼	30⅝	1
Nevada Consol. Copper	20⅝	12¾	42⅜	17¾	62⅞	25	32¾	3
N. Y. Air Brake	50	39¼	50½	39⅞	49¾	35⅛	39½	3
North American Co.	64½	45⅝	97	58⅝	186¾	70	90	10%
O								
Otis Steel	12½	7¼	40⅛	10½	55	31¼	35	2½
P								
Packard Motor Car	62	33¾	163	56¼	32½	13½	16⅞	..
Pan-American Pet. & Trans.	65⅞	40⅛	55½	38¼	69	40⅛	59¼	..
Paramount Famous Lasky	115⅝	92	56⅜	47¼	75⅛	35	48⅛	3
Phila. & Reading C. & I.	47⅝	37⅜	39¾	27⅜	34	10	13⅛	..
Phillips Petroleum	60¼	36¼	53⅞	35¼	47	27	30	1½
Pierce-Arrow Cl. A	23⅝	9⅛	30⅞	18½	37⅜	21	22¼	..
Pillsbury Flour Mills	37½	30⅞	58⅞	32¾	63⅞	30	36½	2
Pittsburgh Coal of Penna.	74½	32¾	78⅞	36⅛	83¾	54⅛	†57	..
Pressed Steel Car	78¼	36½	33⅛	18	25⅞	7½	8⅛	..
Public Service of N. J.	46⅞	32	83⅛	41½	137¾	69	69	2.60
Pullman, Inc.	84¾	73¾	94	77⅞	99¼	75⅛	80⅛	4
Pure Oil	33½	25	31¼	19	30¾	20⅛	23⅛	1½
R								
Radio Corp. of America	101	41⅛	420	85¼	114¾	26	32½	..
Remington-Rand.	47¼	20½	36⅛	23⅛	147¾	101⅛	121	4
Reo Motor Car	26⅞	25½	35¼	22½	31⅞	10⅛	12⅜	.80
Republic Iron & Steel	75⅞	53	94½	49⅛	146¼	70	75	4
Reynolds (R. J.) Tob. Cl. B	162	98⅛	165½	126	66	50	50	2.40
Richfield Oil of Calif.	28⅝	25⅝	56	23½	49⅝	20	29	2
S								
Savage Arms Corp.	72½	43½	51	36¼	51⅞	26	26½	2
Schulte Retail Stores	57	47	67⅛	35¾	41½	8	10	..
Sears, Roebuck & Co.	91½	51	197½	82⅛	181	95	98½	2½
Shell Union Oil	31¾	24⅝	39⅜	23¼	31¾	19	23	1.40
Simmons Co.	64¾	33⅛	101⅜	55¾	188	65	65	3
Sinclair Consol. Oil Corp.	22¾	15	46¾	17⅝	45	22½	26⅛	2
Skelly Oil Corp.	37¾	24⅛	42⅝	25	46½	28	32⅛	2
Spicer Mfg. Co.	28⅞	20½	51⅝	23⅛	66¾	24⅝	30	..
Standard Gas & Elec. Co.	66¾	54	84⅝	57⅞	243¾	79	95	3½
Standard Oil of Calif.	60¾	50⅜	80	53	81⅞	51½	64¼	2½
Standard Oil of N. J.	41⅜	35⅛	59¾	37¾	83	48	61	1
Standard Oil of N. Y.	34⅛	29¾	45⅛	28¾	48⅛	32	35	1.60
Stewart-Warner Speedometer	87½	54¼	128⅛	77¼	77	30	40⅜	3½
Studebaker Corp.	63½	49	87½	57	98	42	49⅞	5
T								
Texas Corp.	58	45	74¾	50	71⅞	50½	54⅛	3
Texas Gulf Sulphur	81⅜	49	82½	62⅛	85¼	45	53⅛	4
Texas Pacific Coal & Oil	18⅞	12	26⅝	12⅛	23⅞	9⅝	11⅛	§5
Tide Water Assoc. Oil	19⅛	12⅜	25	14¾	23⅛	12	13⅛	..
Timken Roller Bearing	142⅛	78	154	112⅝	139⅞	70¼	76	3
Tobacco Prod. Corp.	117⅝	92¾	118⅛	93	22⅛	1	6⅛	..
Transcontinental Oil	10⅝	3¾	14⅛	6⅜	15¼	5⅛	7⅛	..
U								
Underwood-Elliott-Fisher	70	45	93⅞	63	181¾	91	95	4
Union Carbide & Carbon	154½	99⅛	209	136⅛	140	66	71	2.60
Union Oil of California	56⅛	39⅝	58	42¾	57	43⅛	46	2
United Cigar Stores	38⅛	32⅜	34⅝	22⅞	27⅛	4⅝	7	..
United Fruit	150	113⅛	148	131⅛	158⅛	99	106	4
U. S. Cast Iron Pipe & Fdy.	246	190½	53	38	55⅞	12	18	2
U. S. Industrial Alcohol	111½	69	138	102⅛	243⅝	119¾	119¾	6
U. S. Rubber	67⅛	37¼	63¼	27	65	15	26½	..
U. S. Smelting, Ref. & Mining	48⅞	33⅜	71⅛	39⅛	72⅞	29⅞	36	3½
U. S. Steel Corp.	160⅛	111⅝	172¾	132⅝	261¾	157⅛	169	7
V								
Vanadium Corp.	67⅛	37	111⅛	60	116⅛	48⅛	55⅛	3
W								
Warner Bros. Pictures	45⅛	18¼	139¼	80⅞	64½	32	40⅞	4
Western Union Tel.	176	144½	201	139½	272¼	170	180	8
Westinghouse Air Brake	50½	40	57⅞	42⅛	67⅝	36⅛	41	2
Westinghouse Elec. & Mfg.	94¾	67⅝	144	88⅛	292⅝	100	128¾	4
White Motor	58⅜	30¼	43¾	30¼	53⅛	32	32⅛	2
Willys-Overland	24¾	13⅛	33	17¾	35	5¼	10½	1.20
Woolworth Co. (F. W.)	198½	117¾	225¾	175½	103⅞	67½	69¾	2.40
Worthington Pump & Mach.	46	20⅛	55	28	137⅜	43	64½	..
Wright Aeronautical	94¾	24½	289	69	149½	65	40	2
Y								
Youngstown Sheet & Tube	100½	80¼	115⅝	83⅛	143	103	119¾	5

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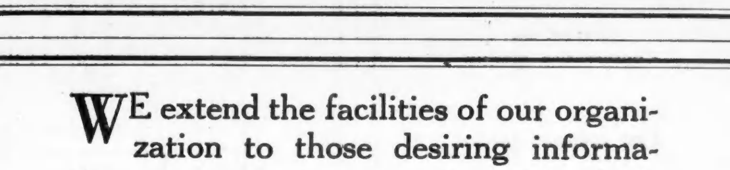

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THE MAGAZINE OF WALL STREET'S
COMMON STOCK PRICE INDEX
(1925 Closing Prices = 100)

Number of Issues in Group	Group	1929 Indexes (379 Issues) High	1929 Indexes (379 Issues) Low	Recent Indexes Oct. 26	Recent Indexes Nov. 2	1928 Indexes (308 Issues) Close	1928 Indexes (308 Issues) High	1928 Indexes (308 Issues) Low
379	COMBINED AVERAGE	173.1	125.8	136.0	125.8-1	165.4	166.0	109.2
40	Railroads	169.5	137.3	145.4	137.3-1	147.1	148.9	119.5
3	Agricultural Implements	655.4	280.2	320.1	280.2-1	513.2	513.2	280.5
8	Amusement	268.0	175.1	183.7	175.1-1	253.8	262.9	98.3
15	Automobile Accessories	212.6	107.5	119.6	107.5-1	190.2	190.2	86.4
18	Automobiles	134.9	62.9	71.2	62.9-L	133.5	133.5	79.0
2	Aviation (1927 Cl.—100)	307.1	133.7	163.3	133.7-1	284.4	(Begun 1929)	
3	Baking (1926 Cl.—100)	96.3	53.6	62.4	53.6-1	82.3	82.9	51.5
2	Biscuit	267.6	198.6	228.0	210.0	225.2	242.4	169.7
4	Business Machines	385.8	234.1	323.5	298.0	235.0	235.0	153.7
2	Cans	273.5	177.7	220.8	200.0	177.7	181.4	117.2
7	Chemicals & Dyes............	363.9	221.7	284.9	251.1	221.9	(Begun 1929)	
2	Coal	124.0	80.3	98.9	84.4	120.2	120.3	81.8
14	Construction & Bldg. Material	145.4	95.5	110.6	95.5-1	136.9	136.9	94.4
15	Copper	391.5	250.2	265.5	250.2-1	299.6	299.6	159.8
3	Dairy Products	146.0	102.6	126.4	102.6-1	120.4	132.5	68.1
7	Department Stores	86.5	51.0	57.4	51.0-L	86.5	89.5	62.9
10	Drugs & Toilet Articles......	199.2	136.7	150.4	136.1-1	196.0	201.9	157.2
5	Electric Apparatus	298.5	183.5	211.4	189.3	183.5	183.5	125.6
3	Fertilizers	121.4	48.3	53.5	48.3-1	106.4	116.3	78.4
2	Finance Companies	213.9	134.3	154.0	134.3-1	178.5	(Begun 1929)	
4	Furniture & Floor Covering...	209.3	122.6	139.7	122.6-1	185.0	185.0	110.2
5	Household Appliances	110.8	69.9	72.6	69.9-1	110.8	113.3	87.5
3	Investment Trusts	406.2	154.4	200.8	156.9	154.4	(Begun 1929)	
3	Mail Order	418.6	206.8	216.8	206.8-1	418.6	426.5	147.9
4	Marine	93.7	69.2	75.3	69.2-1	77.4	96.5	66.8
2	Meat Packing	104.4	56.6	58.7	56.6-1	104.4	(Begun 1929)	
40	Petroleum & Natural Gas.....	171.7	120.6	129.5	120.6-1	164.4	182.6	86.1
5	Phono'phs & Radio (1927—100)	321.1	155.7	174.0	155.7-1	290.0	(Begun 1929)	
17	Public Utilities	388.4	213.3	263.6	243.9	215.5	215.5	127.9
10	Railroad Equipment	136.1	110.4	112.6	110.4-1	127.6	128.9	112.1
3	Restaurants	180.5	119.8	153.0	138.3	131.0	138.1	89.8
2	Shoe & Leather	178.3	104.3	108.2	104.3-1	176.2	231.4	138.3
2	Soft Drinks (1926 Cl.—100)..	244.0	200.4	216.2	200.4-1	208.6	214.0	152.9
13	Steel & Iron	173.4	133.3	146.5	134.5	138.8	143.4	86.3
6	Sugar	81.6	51.4	55.1	51.4-L	78.7	93.7	72.8
2	Sulphur	295.2	213.9	230.5	213.9-1	286.9	386.9	251.6
3	Telephone & Telegraph.......	252.3	150.1	211.0	193.8	150.1	150.1	120.8
6	Textiles	128.5	62.9	68.2	62.9-1	122.8	123.8	78.6
8	Tire & Rubber	111.4	43.9	50.0	43.9-L	104.0	104.0	61.5
11	Tobacco	184.6	101.8	107.6	101.8-1	180.9	195.0	167.8
5	Traction	140.4	65.5	75.0	65.5-1	126.6	150.4	103.8
2	Variety Stores	128.8	101.6	107.9	101.6-1	124.4	126.8	98.0

L—New LOW record since 1925. l—New LOW record this year.

(An unweighted Index of weekly closing prices specially designed for investors. The 1929 Index includes 379 issues, distributed among 42 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments and reflects all important price movements with a high degree of accuracy. Our methods of making annual revisions in the list of stocks included renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)

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A weekly commodity review is also issued and will be sent on application.

Investment Opportunities in the Railroad Preferreds

(*Continued from page 107*)

general market it was advancing under persistent accumulation. The road has made a wonderful "come back" over recent years and the outlook is most encouraging. Indicated earnings for the common for 1929 are placed at over $12 a share and an increase next year in the present $5 dividend rate is a likelihood. The preferred, in sympathy with the common, is down some 15 points from its recent high and at present prices yields around 5.80%. New Haven preferred is a relatively new issue, but its dividend is being covered more than 6 times and it offers an opportunity for market appreciation through the convertible feature.

The Group III stocks must be regarded as not so well seasoned as the others but, as a whole, they offer reasonable safety, a splendid yield and, in some cases, outstanding profit possibilities.

Bangor & Aroostook preferred returns close to 6½%. The issue is callable at 110 and as long as the stock is available below this price it is an attractive purchase. The road has recently offered additional common stock, thus increasing the equities behind the preferred issue. Earnings are very favorable and the month of September showed an increase in net alone equivalent to 70 cents a share of common, including the new stock. Indicated 1929 earnings for the preferred are 4½ times the dividend.

Erie 1st and 2nd preferreds, selling at prices to yield nearly 7%, appear very much undervalued. Since the last receivership, in 1895, earnings have been steadily ploughed back into the property and the road has been practically rebuilt from end to end. Operating 2,317 miles of road, extending from New York to Buffalo and Chicago, with branches to Wilkes-Barre, Cleveland, Cincinnati, etc., the company occupies a strong strategic position in the Eastern trunk line territory. The main line from New York (Jersey City terminal) to Chicago, doubled tracked, is one of the fastest through freight routes between these points. Grouped with Nickel Plate and C. & O. under merger proposals, Erie is with important company and its future is assured. Current earnings are running at the rate of over $7 a share for the common and leave a wide margin of safety behind the preferred dividends. Although these preferred dividends were reinstated only this year, after a lapse since 1907, the property is now in such excellent physical con-

dition and the outlook for business so bright that both issues are entitled to a sound investment rating.

Gulf Mobile & Northern 6% preferred carries an accumulation of $16.50 back dividends and at the market for the stock gives a yield of over 6½% on the regular $6 basis. Since 1925 the low for the stock has been 89½ and extra payments on account of accumulations have been made in each subsequent year. The road extends northward from Mobile, on the Gulf, to connections with several important systems, including the Frisco, L. & N., and the C. B. & Q. Ultimately the road probably will be acquired by one of the larger systems. For the past five or six years earnings have held very steady and although the preferred is surrounded with some degree of speculation the dividend seems reasonably safe with prospect of additional payments from time to time on account of accumulations.

Missouri, Kansas & Texas 7% preferred gives the highest yield of any issue on the list. The preferred dividend requirement is being covered by a fair margin. The property was reorganized in 1922 and the 7% preferred stock became cumulative from January 1st, 1928. The company operates over 3,000 miles of lines in Missouri, Kansas, Oklahoma and Texas, connecting St. Louis and Kansas City with Galveston and other important points in Texas and the south. Since reorganization in 1922 the company has shown a substantial earning power and appears to be thoroughly re-established on a sound basis. Alleghany Corp. is reported to have acquired a large block of the common stock.

St. Louis-San Francisco operates over 5,800 miles of road in the southwest. The road owns a large block of stock of the Rock Island, which is described as "working control" and an eventual merger of the two properties is ultimately looked for. 'Frisco preferred is earning its dividend about 4 times over and the common stock is paying at the rate of 8%. The preferred offers a high yield and the amount of risk involved does not appear great.

Missouri Pacific is a 5% cumulative preferred and carries back dividends aggregating 49¾%. A plan was recently announced for the funding of these back dividends through the sale of common stock at par, but owing to the break in the market this plan will probably have to be revised along other lines. However, the road is making a very excellent showing and a holder of the preferred should ultimately receive full payment in cash of all accumulations. The preferred, also, is convertible into common at par for par, which is another interesting feature.

(*Please turn to page* 140)

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During the break the preferred declined 29 points from its high and at present levels of about 120 an opportunity is offered for a sizeable profit. Payment of the back dividends would bring this price down to around 70, at which figure the yield would be over 7%. The 5% dividend is being covered by a good margin.

Wabash preferred A is entitled to a preference dividend of 5% and after the common has received like amount they participate equally in further disbursements. Although the issue is noncumulative, preferred A shareholders claim they are entitled to dividends up to the full rate to the extent they have been earned in any year. On this basis of accounting, a suit has been brought to enjoin the payments of any common dividends until an accumulation of $23.10 a share is paid off on the preferred A. The case is now in the U. S. Supreme Court and a decision may be handed down in a few months.

Control of Wabash was acquired by the Pennsylvania some months ago, at which time it was stated that the purchase was made "as an investment." The Wabash serves a very large and important territory in the Middle West and linked up with one of the larger systems it could readily become a very heavy earner. The preferred A dividend is safe and other possibilities make it a very attractive purchase around a price of 90.

Continental Wheat Pool Impends

(*Continued from page* 101)

former has just been created; the latter has been operating as one pool for six years. The experience of the Canadian pool may serve as a guide in answering the question: "What may be expected of the American grain co-operative?"

Chairman Legge, of the Federal Farm Board, has wisely warned the enthusiastic champions of farm relief that the Board's activities cannot be directed to the arbitrary raising of the price level for agricultural products. Prices cannot be arbitrarily raised either by the Federal board or by any subsidiary organization — like the American wheat pool—which it may bring into being. "Prices," Mr. Legge has said, "are determined by basic economic conditions—by the demand for a commodity, the supply available to meet that demand and the manner in which that demand is fed to market. What the board hopes to do is to assist the farmers to become better able to compete with the other groups in the markets of the nation and the world.

Is This a Safe Time to Invest?

Should I continue to hold my securities? Should I buy more?

Literally hundreds of thousands of investors are asking these questions. And, they are distinctly intelligent questions, only natural when we have just seen *half* the gains of the past nine years—the greatest bull market this country has ever known—wiped out, *mostly in one week.* Is the storm at last really over?

What of the future?

Is this a time for optimism? Our answer is definite. ***Now is the time to buy stocks. Some*** stocks—not *any*, or ***all*** stocks. Decidedly, investment now requires care and judgment.

In making sure of safety for the future, counsel on investment is vital. The recent disaster has shown how indispensable is trained advice on financial affairs. Today, although opportunities are present again and many stocks are selling at levels unbelievable only a few weeks ago, many readjustments are still to be made and many weak spots still exist. It is a situation that holds infinite possibilities, but only for the investor who makes use of skilled guidance.

We have studied thoroughly the investment situation now existing. We have analyzed, in the light of the new price levels, stocks of the companies shown in this advertisement, and state definitely in a bulletin just made available, whether or not it is our judgment that they should be purchased—*or sold immediately.* A complimentary copy of this bulletin is available and *can reach you by return mail.* This is a time when delay may prove extremely costly, so we urge that you mail us the coupon *now*—while it is before you.

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Kenneth S. Van Strum is well-known in financial circles . . . He is the author of two books, *Investing in Purchasing Power* and *Forecasting Stock Market Trends.* Both volumes have had significant effects upon the investing public. An internationally known business man has said of the first volume: "Van Strum's conclusions are startling and bring to light an investment policy which comes nearer to being ideal than any yet produced."

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It expects by aiding in the development of co-operative associations to make possible economies in marketing and stabilized marketing conditions, and to assist the farmers to obtain their just share of the national income."

That is exactly what the Canadian Wheat Pool has endeavored to do.

By controlling a sufficiently large volume of the country's grain production the new American pool will be in a position to realize appreciable savings in marketing costs. By selling a considerable proportion of its holdings directly to buyers it can help to keep prices stable. For nearly all time, farmers' wheat has rushed from harvest to market like spring floods down a mountain side. A national grain co-operative can do something to stop that. By spreading sales over all the months of the year instead of letting them concentrate upon two or three months the co-operative corporation can secure for its members the benefit of actual prices in final markets. By acting in unison with the Canadian pool the crop of neither country can be played against the other—one further step in co-operating.

Stabilizing Effect

The established grain trade is naturally not wholly friendly to the co-operative movement. In Western Canada, however, it has worked with the wheat pool on fair, business terms. It has found as well that nearly 50 per cent of the wheat growers prefer to be independent in action and probably something like the same percentage in the United States will remain outside the national grain co-operative. The grain trade of Great Britain has publicly recognized the stabilizing influence exerted by the Canadian Pool. "The power of the pools to hold up wheat is hardly realized yet," the London Grain, Seed and Oil Reporter has said, "but undoubtedly they have managed to keep the price firmer than the statistical position seems to warrant."

To compare cash results of pool selling of wheat with non-pool selling is exceedingly difficult. Managing officers of the Canadian Wheat Pool do not make extravagant claims of dollar-and-cent benefits. In the cash-return estimate they incline to the belief that pooling has raised prices somewhat all round, to the benefit of non-pool as well as pool growers. That this has been so would probably not be challenged by non-pool selling agencies.

Setting aside actual money results the experience of the Canadian grain pool has been that two principal and undeniable benefits have come from national pooling of grain sales.

1. The pool system of distributing

the farmers' returns helpfully affects not the farmer alone but all trading interests in grain growing territory. The pool is able to make a substantial initial payment per bushel of wheat delivered. This provides for the farmer's immediate post-harvest money requirements. A second payment is released just prior to seeding time and this saves him from borrowing at the bank to put in his crop. A third and last payment is made in the fall, the whole making a year-long financing operation.

2. The farmer-member of the Canadian Wheat Pool has learned how to finance on the deferred payments of a harvested crop instead of, as in former times, borrowing against a prospective crop.

Business interests declare that the new system has vastly improved conditions of trade in grain growing communities.

Continental Unison

But great as are the financial blessings that have flowed from national scale co-operative marketing of wheat in Canada, still greater is the new spirit it has brought to the farmers. They are no longer whining, complaining dependents. They are masters of their own fate. They are not forever seeking governmental favors, as they were, and as the farmers of the United States still are. The Canadian wheat farmer is become a successful business man, operating on a vast scale, bargaining instead of docilely accepting a price.

Who will say that this achievement will not be paralleled in the United States? Who will say that the wheat crops of the two nations may not be marketed in unison instead of in competition?

Imagine 1,000,000,000 to 1,500,000,000 bushels of wheat moving to market yearly in orderly, controlled fashion, in response to a fair price mutually determined upon by seller and buyer in line with the logic of supply and demand! That is all that is necessary, taking one year with another, to insure a fair and profitable price for wheat. Its realization means steady prosperity and contentment throughout a great part of the continent, with obvious benefits to business in every form from the Saskatchewan to the Rio Grande.

For Features to Appear in the Next Issue See Page 89

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(*Continued from page 105*)

year was a fully representative one for it is practically the same as the average for the 5½ year period ending with June 30th, 1929. In the light of the marked gain in earnings registered for the first half of the current year, it appears to be a safe conclusion that that average will be exceeded this year.

The operation of the sinking fund will retire 3% of the total issue annually and 45% prior to maturity, October 1st, 1949. Up to October 1st, 1934, the debentures may be called in whole or in part at 103 and interest and thereafter on a sliding scale downward until final payment. Under the terms of the indenture, the company agrees not to mortgage any of its properties without securing these debentures equally and ratably with such subsequent mortgage.

Warrant Feature

An attractive feature is imparted to the bonds by the attached warrants permitting holders to purchase 25 shares of the company's common stock at $35 per share at any time on or before October 1st, 1939. At prevailing quotations for the common stock, it is apparent that no value attaches to this privilege for the present yet it is not improbable that future earning power of the junior shares will be such as to lend considerable attraction to the warrants and by the same token, the debentures, inasmuch as the warrants are non-detachable unless exercised. The debentures are presently listed on the New York Curb Exchange but it is understood that the company will apply for a listing on the "Big Board," and are currently obtainable around 93, at which price the yield to maturity is about 5.50%. Affording a good return and offering the added inducement of price appreciation over the longer term, the issue is one which should appeal to the discriminating investor.

American Shipping Opening New Field for Investment

(*Continued from page 103*)

000,000 at about 3¼ per cent interest. Numbers of new vessels are being built without public loans.

It is certain that 1930 will see more ships under construction in American yards than at any time since the end of the war-building period.

Between the governmental financing of building and the postal subventions of mail lines, which amount to as high as $12 for every mile covered, plus the sale of government ships at nominal figures and government pioneering of routes, American shipping companies are now in a position to offset the advantages foreign lines have because of lower operating wages and salaries, and lower construction costs in foreign yards.

No Mass Production of Ships

It costs about twice as much to build a first-class ocean going ship in an American as in a foreign yard. This is due to the fact that mass building cannot be applied in ship yards in ordinary times. During the war the characteristic American quantity-production process was applied—when there were scores if not hundreds of ships of the same type to be built. Ordinarily each ship is more or less of its own class, and the parts are, to a large extent, individually made. Under such conditions highly paid American labor cannot develop the productivity necessary to offset poorly paid foreign labor. As it would be an eggregious error of national policy to build up a merchant marine without supporting American yards, it is necessary to consider both ships and yards; so, provision has to be made for the higher cost of building the new merchant marine at home. In time of war—even in time of peace—a merchant marine without adequate domestic building and repair yards would soon be a liability. Thus the development of the American marine carries with it prosperity for American building companies and the sources from which they draw their materials.

Private Ownership Makes Gains

There has been so much debate about our shipping policies and so many criminations and recriminations about the work of the Shipping Board and its Merchant Fleet Corporation and such a fog of investigations and Congressional debate that the country is not generally aware of the enormous growth of the private shipping interests since the Shipping Board set out in earnest to dispose of its enormous war fleet which at one time totaled (including requisitioned, commandeered, seized enemy, transferred, chartered and purchased ships) more than 4,500 vessels of upwards of 17,000,000 tons. The present government

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THE MAGAZINE OF WALL STREET

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tonnage is only 3,280,000, of which 1,800,000 tons are out of service. In 1923 the Shipping Board tonnage in foreign trade was still as high as 2,400,000; by the middle of 1929 it was down to 1,400,000. During the same period privately owned tonnage in foreign trade increased from about 500,000 tons to 1,900,000. In 1921 the government fleet carried 15 per cent of the American foreign trade, in 1928 only 7 per cent; in the latter year the independent American ships carried 34 per cent of the foreign trade, by tonnage.

Givers to All the World

Back in 1914 there were only twenty deep sea American steamship lines, fifteen of them being to foreign ports and five to non-contiguous American territory, and the total number of vessels in these services was only 112, with a total tonnage of 600,000. Now there are some forty American independent lines, giving regular deep-sea services, and about twenty Shipping Board lines; operating together 671 ships with a total tonnage of almost 4,000,000.

The Shipping Board lines must not be considered as competitors of the private lines, rather are they allies. It is the government policy to keep Shipping Board vessels in trades that under present conditions would not be served by private American lines. The government pioneers and develops, and at the first opportunity sells ships and routes to private companies. In this way it admirably serves American foreign trade and contributes to its development. It stays entirely out of the profitable coastwise trade, which is by law monopolized by American flag vessels.

Second Greatest Marine

Lest there should be a misapprehension regarding the total size of the American merchant marine it should be noted that the foregoing figures relate to regular deep sea service; they do not include industrial fleets or ships or coastwise shipping. The entire number of American steamships registered for foreign trade is 1,274 and enrolled for the coastwise trade, 4,997; the tonnage of the latter being 7,200,000 as against 6,400,000 for the foreign trade, both groups including laid up vessels. Including all types of vessels above 100 tons the total merchant and fishing fleet of the United States aggregates 14,600,000 tons, being exceeded only by the fleet of the British Empire with 23,000,000 tons. Japan is a poor third

with 4,100,000 tons, and France, Germany and Italy are close together with around 3,500,000 tons each. Our Great Lakes fleet alone is larger than any other national merchant marine in the world except those of the countries just named and Norway and Holland.

Fleets as Industrial Adjuncts A feature of the new American merchant marine unrelated to governmental activity is the great industrial fleets, such as those of the Standard Oil Company, the U. S. Steel Corporation, the fruit companies. These fleets were well developed before the war. They are part and parcel of American sea trade. They are comparable to the New England shipping of old in that they are not shipping ventures per se but are like the delivery wagons and trucks of the industries that own them. Their expansion is not an incident but an essential part of the growth of American foreign trade. Through such companies the investor is already on the high seas without knowing it. The outlook is that the great corporations interested in foreign trade will tend more and more toward industrial shipping enterprises. And that outlook is one of the surest promises of a splendid future for the American merchant marine.

That there should be so little investment interest at present in American shipping companies is not surprising in view of the minor part our water-borne commerce plays in the national commercial life and the pioneering status of our foreign merchant marine. The entire water-borne commerce of the United States, foreign and domestic, is between 500 and 600 million tons, whereas the rail traffic is about 1,300,000,000 tons. Our coastwise trade is largely in firm hands and little effort has ever been made to mobilize its securities in the exchanges. The foreign trade is still in the venture stage. Government financing absorbs the place that might be taken by senior securities under other condtions.

In some other countries, especially Great Britain, everything hinges on water-borne commerce, and popular interest in shipping securities is intense and widespread.

Investment Will Follow the Ships But we are at the beginning of a new epoch in trade. Hereafter our foreign trade will expand more rapidly than our domestic trade. We will become less and less of a home-trading unit and more

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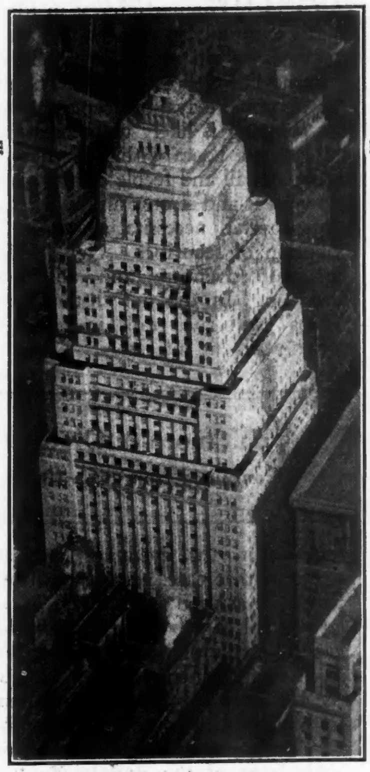

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Public Utility Industry

Every indication points to another year of new high records for the Public Utility Industry. Gross revenues from sales of electricity and gas are to exceed all previous totals; net earnings of both branches of the industry are expected to be higher than ever before and production of electricity and gas will reach new peaks.

It is estimated that 1929 gross revenues of the Electric Light and Power and Gas Industries will for the first time exceed $2,800,000,000 and may approximate $2,950,000,000; this would compare with $2,600,000,000 in 1928. The combined invested capital of the Electric Light and Power Industry and the Gas Industry on January 1, 1930, will, it is estimated, approximate $16,000,000,000, as contrasted with $14,750,000,000 a year ago.

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and more of a unit in world trade. Our population growth is falling off, but the population of the foreign world is increasing rapidly. The expansive trade and investment opportunities of the future are abroad rather than at home. Our foreign private investments, direct and indirect, are now between $15,000,000,000 and $20,000,000,000. Trade tends to follow these investments, and interest will increase in the shipping instrumentalities of that trade. Popular interest in foreign affairs is rapidly growing. We are becoming a world power in public consciousness as well as in fact. The present vigorous revival of deep-sea American shipping is likely to become something like a boom within the next five years. Small and feeble companies will grow great and strong, and will require large capital, necessitating public distribution of securities. New fields of financial adventure and allure will open up. In the not distant future "ships" will rival rails in speculative and investment interest.

Baltimore & Ohio

(*Continued from page* 109)

terment in the event of unification since, in that case, control of Reading would be assured and through it, similar control of Jersey Central would be had by virtue of the former's majority stock interest in the latter. Moreover, the tentative plan contemplates setting up a short fifth route from New York to Chicago, embracing these two roads with parts of the Buffalo & Susquehanna, the Buffalo, Rochester & Pittsburgh and trackage rights over the Pennsylvania.

In view of the unsettled nature of the whole railroad consolidation program at present, it seems idle to speculate upon the final outcome of the Baltimore & Ohio program. The ultimate grouping of the eastern roads may assume shapes considerably different from those indicated by proposals thus far made. Nevertheless, it is interesting to note, in this connection, that while the action of the I. C. C. in these matters is problematical, one of its examiner's recently recommended approval of Baltimore & Ohio's application for control of the Buffalo, Rochester & Pittsburgh, subject to certain conditions.

The consolidation possibilities, meanwhile, tend to give Baltimore & Ohio common stock a speculative flair for which probably the most sophisticated investor secretly yearns. Aside from this, representing the system as it now stands, the shares fall into the category of desirable investment holdings, though not quite up to the high standard of the leading dividend rails because of the more variable past record and somewh[illegible]s consistent earning capacity.

As has already been inferred, however, Baltimore & Ohio common is probably now in the strongest position it has ever enjoyed, by virtue of the road's better balanced capital structure and excellent physical condition. The extent to which improvement and rehabilitation has been carried in the past few years may be gauged by comparing a few significant balance sheet figures. Thus, investment in road and equipment since 1922 has increased 115.53 million dollars to 528.93 millions at the close of 1928. Actual expenditures, of course, were considerably in excess of this increase, since the figure cited represents a net total, reached after liberal allowance for retirements. That the properties are in a highly efficient condition has already been demonstrated by the improved operating ratio. The expenditures referred to have been designed to achieve this result, but in addition, the betterment program has also placed Baltimore & Ohio in good shape to handle further expansion of traffic as evinced by the purchase of approximately 300 new locomotives, about 400 passenger and 30,000 freight cars in the last five years.

Earnings for the current year are expected to run between $13 and $14 a share for the common stock, or approximately double present dividend requirements. Such a showing would compare with actual net income of $12.43 a share last year and $9.42 in 1927. General market conditions have brought the shares down to a basis where they are selling for but eleven times estimated earnings, approximately, and returning a yield of 5.6%, thus affording a fair return on an investment rail which also possesses attractive possibilities of further price enhancement.

Important Corp. Meetings

Company	Specification	Date of Meeting
Allied Chem. & Dye Corp	Pfd. Div'd	11-26
Amer. Can Co	Pfd. Div'd	11-26
Amer. Loco. Co	Pfd. & Com. Div'd	11-27
Amer. Tel. & Tel. Co	Com. Div'd	11-20
Baldwin Loco. Works	Pfd. & Com. Div'd	11-26
Brooklyn Union Gas Co	Com. Div'd	11-28
Calumet & Arizona Mining Co	Com. Div'd	11-20
Central Alloy Steel Corp.	Pfd. & Com. Div'd	11-21
Chesapeake & Ohio Ry	Com. Div'd	11-19
Elec. Storage Battery	Pfd. & Com. Div'd	11-20
General Ry. Signal Co	Pfd. & Com. Div'd	11-28
Missouri, Kansas & Texas Ry. Co.	Pfd. Div'd	11-18
National Refining Co	Com. Div'd	11-19
N. Y., N. Haven & Hartford R. R.	Pfd. & Com. Div'd	11-26
St. Louis Southwestern Ry	Pfd. Div'd	11-27
Texas Gulf Sulphur Co	Com. Div'd	11-21
Wheeling Steel Corp.	Cl. "A" Pfd. & Cl. "B" Pfd.	11-27
Chic. & Northwestern Ry Co	Special	11-18
Hocking Valley Ry. Co	Special	11-29
Baltimore & Ohio Ry. Co	Annual	11-18
Loew's, Inc	Annual	11-21
Texas Gulf Sulphur Co	Annual	11-26

Who Killed Cock Robin?

Are the Prophets of Disaster Now Satisfied?

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A few weeks ago all was serene. Men were willing to buy and sell stocks at the then existing prices. Business conditions were fundamentally sound. Financial conditions were fundamentally sound. The world's gold—a very substantial part of it—rested in America. The Federal Reserve banks were seldom in better condition.

Why, in the middle of a normal stock exchange session, did stocks go tumbling down?

Did someone yell "Fire!"

Although there was no fire, did men become panicky and in an effort to save themselves bring ruin to themselves and others?

A great tribute, perhaps, when the American nation reposes such great confidence in anyone, but a national disgrace when such confidence is so unintelligently betrayed.

Men in high positions should properly recognize public responsibility.

When they cry *"Panic!"* though there is no panic, *do they not themselves create it?*

The greatest national asset is public confidence.

Men who destroy such confidence come pretty close to constituting a national menace.

Even had there been a fire, hysterical outcries would have been just as ill-advised and just as calamitous.

Brave, heroic men stand forth with courageous exhortations, even when ships are sinking.

Sane, intelligent, patriotic men have stood by the ship while the cowardly and selfish deserted it.

There is no place in America for destructionists, nor can their efforts be more than temporary.

No one can permanently impair the great strength of a great nation.

When the clouds roll by, America, her industries, her financial institutions, will be standing big and powerful as before—and the entire damage will be to the unfortunate who permitted themselves to be thrown into panic, who ruined themselves and all about them.

No worse catastrophe has occurred in American financial history, and when the great calamity can be seen in its true perspective it will be recognized as the greatest financial disgrace in American history.

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Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
$3.00	Amer. Metal Co......	$.75	Q	11-20	12-2
3.48	Bangor & Aroostook com, ...	.87	Q	11-30	1-30
4.00	California Packing....	1.00	Q	11-30	12-16
7%	Cent. Ark. P. S. pref.	1¾%	Q	11-15	12-2
3.00	Chicago Yellow Cab..	.25	M	11-20	12-2
7%	Childs Co. pref......	1¾%	Q	11-22	12-10
2.40	Childs Company com..	.60	Q	11-22	12-10
6.00	Curtis Publishing Co. com.	.50	M	11-20	12-2
Extra	Curtis Publishing Co. com.	.50	Ext	11-20	12-2
9.00	Del. & Hudson Co...	2.25	Q	11-26	12-20
8.00	Diamond Match	2.00	Q	11-30	12-16
3.50	Hudson & Manhattan Ry. com.	1.75	S.A.	11-16	12-2
1.75	Louisville Gas & Elec. Cl. A..............	.43¾	Q	11-30	12-24
1.75	Louisville Gas & Elec. Cl. B..............	.43¾	Q	11-30	12-24
7.00	National Lead Pfd. A	1.75	Q	11-29	12-14
Extra	N. J. Zinc...........	1.00	Ext	11-20	12-10
8.00	Norf'k & W. Ry. com.	2.00	Q	11-30	12-19
Ext	Norf'k & W. Ry. com.	4.00	Ext	11-30	12-19
3.00	Phillip-Jones com.....	.75	Q	11-20	12-2
—	Simms Petroleum ...	.40	—	11-29	12-14
2.50	Standard Oil of Indiana.	62½	Q	11-16	12-16
Extra	Standard Oil of Indiana	.25	Ext	11-16	12-16
1.00	Tenn. Cop. & Chem..	.25	Q	11-30	12-16
7.00	U. S. Steel Com.....	1.75	Q	11-30	12-30
Extra	U. S. Steel Com......	1.00	Ext	11-30	12-30
6.00	Wrigley, Wm. J.....	.50	M	11-20	12-2

Answers to Inquiries

(*Continued from page* 128)

smelters, it owns an electrolytic refining plant which embraces a new method of producing the metal from mixed oxidized and sulphur ores. An additional plant is under construction to be finished early in 1930 which will increase recovery from tailings 1.8 cents pound per ton of ore. Production in 1928 totalled 88,123,000 pounds at a cost of 10.66 cents per pound, a considerable reduction from the 11.52 cents per pound in 1927. Earnings in 1928 of $2.93 a share registered a sharp gain over the balance of 62 cents a share reported in the preceding year. Output for the full 1929 year is estimated at 100 million pounds and with the likelihood of copper metal prices averaging somewhat higher this year than last, profits for the full 1929 year are expected to equal around $4.50 a share. Ore reserves are estimated to have a life of 30 years, having been materially lengthened by improved processes of extraction and treatment. On the whole, while Inspiration is one of the more speculative issues, being a rather high cost producer, it should continue to demonstrate good earning power with copper metal prices stabilized at or around existing levels. We look for nothing startling from the shares in the way of price appreciation, but believe them suitable for further retention for income purposes as a business man's commitment.

JOHNS-MANVILLE

Are any predictions being made as to what earnings Johns-Manville will show at the end of this year? Isn't this a stock which will suffer a good deal from the falling off of building operations all over the country? You see, I am trying to decide whether to hold this stock or sell and buy something else.—E. E. H., Boston, Mass.

From present indications it would appear Johns-Manville Corp. is well on its way to establishing new high records in sales and earnings in the 1929 year. Ranking as the leading manufacturer of asbestos and magnesia products, the company reported net income of $2,483,300 in the quarter ended September 30th, 1929, equal, after preferred dividend requirements, to $3.14 a common share, an increase of 44% over net of $1,722,451 or $2.12 a share in the third quarter of 1928. Profits for the nine months ended September 30th, 1929, were $5,522,396 or $6.84 a share against

$4,095,595, or $4.93 a share in the corresponding period last year. The decline in building activities since the beginning of the current year has not had a serious effect on the company's business. Although an important factor in the building materials field, its growing sales in other lines have more than compensated for any falling off in demand from building sources. Financial position is strong, the company has strong affiliations and faces a bright outlook. With estimated earnings for the full 1929 year of over $9 a share, the shares appear in a favorable light and we believe continued retention of present holdings is warranted.

S. S. KRESGE

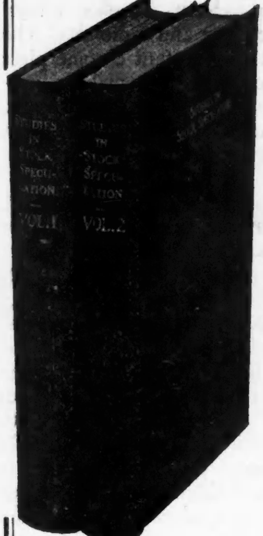
Is there any real likelihood of Kresge being absorbed by Woolworth and how would this affect stockholders of Kresge?—A. L. F., Newark, N. J.

The S. S. Kresge Co. is expanding at a conservative rate, and at the end of September this year there were 560 stores in operation in the United States compared with 547 at the end of the preceding month, the chain of retail units operated being second only to that operated by F. W. Woolworth Co. Income has expanded substantially since 1921 and for the nine months ended September 30th, 1929, was equal to $1.94 a share on the common stock outstanding, which compares with $1.84 a share in the same period of 1928 after giving effect to the 50% stock dividend paid March 1st, 1929. Due to increases in capitalization the rise in per share returns has been somewhat retarded and it is estimated that earnings in the full 1929 year will not substantially exceed the balance of $2.80 a share reported in 1928. However, on the basis of existing quotations, the shares have definite merit for the longer term holding. Indications are lacking of a contemplated merger with Woolworth; indeed, possibilities along that line seem to have no substantial basis at this time.

UNION CARBIDE & CARBON

It does not seem to me that Union Carbide showed very much resistance during the market decline. This makes me wonder whether I may not be in a rather poor position as the holder of 150 shares which I bought outright at almost the highest price of the year. I am worried and wish you would reply by air mail.—W. E. B., San Francisco, Calif.

Union Carbide & Carbon is continually expanding its already manifold activities in various fields, products manufactured, through subsidiaries,



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covering a wide range and including electric storage batteries, calcium carbide, oxygen, electro furnace alloys, dissolved acetylene and radio sets. The company owns important chrome plate patents; also rights for making prestone, a synthetic antifreeze product, for the manufacture of which a plant was recently completed. Despite liberal charges for depreciation and appropriations for research, earnings have increased steadily since 1922 and for the nine months ended September 30th, 1929, amounted to $24,050,664, equal to $2.89 a share against $19,639,493 or $2.39 a share in the corresponding period of 1928. The rapid growth of the company is also evidenced by an increase in property account from $99 millions in 1921 to $198 millions in 1928, financed entirely from earnings. Financial position is impressive and there seems no serious bar to continued substantial expansion, both in scope of operations and earning power. While the shares have not escaped the ill-effects of demoralized conditions prevailing in the general stock market, we would not be stampeded into sacrificing holdings at existing substantially depreciated quotations.

GENERAL RAILWAY SIGNAL

I can't see why General Railway Signal suffered from forced selling even more than some of the other equipment stocks during the break. Is this a danger signal?—C. M. M. Spokane, Wash.

General Railway Signal Co. was incorporated in 1904 to manufacture and install railway safety devices such as automatic train controls, block signals, crossing gates, etc., being the leading organization in its field and doing 50% of the total domestic business. Foreign operations have been increasingly important in recent years and have added materially to total income. However, as a consequence of retarded buying by the railroads and general depression in the equipment industry, net income declined in 1928 to a balance equal to only $5.25 a share, sufficient to just barely cover dividend requirements. Material improvement has been witnessed in the current year which had not yet been reflected in the first six months' earnings of only $2.09 a share, but this betterment should show up in the current half year, net for the full 1929 period being estimated at a figure approaching $9 a share. The company recently secured 50% of the work for installation of the New York Municipal subway and has a number of additional valuable contracts on hand, with plants operating at capacity. For some time past the stock has been subject to greater speculative favor than other issues in the equipment group, and has been particularly subject to the recent unfavorable market conditions. However, financial position of the company is strong and with prospects bright, we assume a constructive attitude toward the stock at current quotations.

HUDSON & MANHATTAN RAILROAD

I took advantage of the break to buy 100 shares of Hudson & Manhattan at 42. How high do you think I can reasonably expect this to go within the next two or three years?—S. G. P. Holyoke, Mass.

Hudson & Manhattan R.R., serving the community centers of Northern New Jersey and maintaining close operating contacts with the Pennsylvania R.R., is ideally located to profit from the growth of population of the metropolitan area. Coming under the jurisdiction of the Interstate Commerce Commission the company has not been hampered by fare litigation, as other New York systems, being allowed increases whenever it has been proved necessary. The steady expansion in earnings witnessed from 1921 was interrupted last year, the small decline reported being due largely to competition from the recently opened Holland tunnel. While normal growth of traffic doubtless will be temporarily somewhat retarded by that factor and proposed bridges across the Hudson River, the long term trend is still definitely upward with well defined indications of constant municipal growth in the territory served. In the first nine months of 1929 the company nearly earned its dividend requirements for the full year on the new basis of $3.50 a common share, per share returns being equal to $3.37 a share as compared with $2.93 in the same period of 1928. A balance equal to $5 a share is estimated for the full year. The common stock is well adapted for income purposes and should command higher quotations than those now prevailing under normal conditions stockmarketwise. We counsel continued retention.

B. F. GOODRICH

It was very disappointing to me to read that there was such a meager increase in tire prices,—only 1% in the case of Goodrich, I think. My 60 shares cost me 81 and I would like your advice whether to keep or sell.—W. P. C. Harrisburg, Pa.

B. F. Goodrich uses over 10% of the crude rubber of the world's market and in point of sales volume has shown a more rapid rate of expansion in recent years than most of the larger organizations in this group. The company is not dependent on the tire industry alone for its success, doing a

Did You *Profit* from the Stock Market "Collapse"?

EVER since late January, 1929—not simply for a period of a few weeks—the American Institute of Finance has persistently warned against the marked over-valuations that had developed in the stock market, advising "short sales" in individual groups—motors, coppers and public utilities—as they were inordinately manipulated to levels clearly in excess of sound values.

The following short sales recommendations are typical of advices given. Sales were readily available at levels specified.

STOCK	Sale Recommended at	Recent Low	Decline
American Power & Light	150	74	76
American Superpower	70	17	53
Columbia Graphophone	80	18	62
General Motors	82	34	48
International Comb. Eng.	98	8	90
Mexican Seaboard Oil	60	10	50
Murray Corp.	95	20	75
North American	160	70	90
United Corporation	70	25	45
Webster Eisenlohr	110	4	106

These are not the most extremely attractive profit opportunities presented. We believe they are indicative of our general position. For example, sale of Electric Investors was advised at 290, the stock declining to 75.

New Opportunities at Hand!

Once again, a drastic stock market readjustment has created *new* profit opportunities in sound individual issues. Just as clients of the Institute were assisted in profiting from over-valuation, they will be assisted in taking advantage of the readjustment in individual stocks that has brought them into a sound buying area.

A current Advisory Bulletin, pointing out specifically individually sound profit opportunities, is available NOW for distribution, FREE. To obtain a copy, simply return the blank below.

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By accepting this offer immediately you will be entitled to all the privileges of the Personal Inquiry Department of THE MAGAZINE OF WALL STREET. *This will enable you to obtain an especially dictated reply by letter or wire regarding any listed securities which you hold or think of buying. Tremendously valuable in avoiding losses and making substantial profits.*

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Nov. 16-A

Stop! Look! Listen!

To those who make a business of watching the Security markets of the world —

The October market debacle should convince well meaning people that Investment Finance, *the profession,* is not a pastime.

United Investment Assurance System Units
Series A & AA to yield 6.40

United Investment Assurance System Units
Series B to yield 5.66

Founders Securities Trust
Pfd. AA Shares to yield 7.27

Send for booklet "Is It Impossible?"

FOUNDERS SECURITIES TRUST
Fiscal Agents
National Union Bank Building . . . Boston

large business in mechanical rubber goods and footwear. Following the important acquisition of the Hood Rubber Co. recently, the latter lines now comprise 50% of total operations. With respect to the tire branch of the company's business, it has a strong dealer organization, with 80% of its business consisting of replacements. Following the severe depression last year, operations and earnings improved substantially in the first half of 1929, net income equalling $4.09 a share, but some falling off has taken place in the current six months due to a decline in tire replacement business and lower prices. Earnings for the full year are estimated to equal around $6.75 a share, an ample margin over dividends at the annual rate of $4 a share on the common stock. The long term outlook is favorable, the company's financial position is strong, and a sacrifice sale of present holdings seem inadvisable at this time.

CHICAGO, ROCK ISLAND & PACIFIC RY.

I know you are favorable toward the rails, but want to check my judgment on Rock Island. I paid 136 for my 80 shares and wonder what I should do and how you analyze the future for this road.—B. C. W. Philadelphia, Pa.

Chicago, Rock Island & Pacific Railway has scored consistent progress in increasing share earnings this year and according to present indications 1929 will mark the seventh consecutive year in which per share returns have increased over the preceding year. Moreover, the estimated net income of approximately $15 millions, equal to somewhat over $15 a common share, is entirely the result of increased gross and not because of any reduction in maintenance outlay. The company's ability to reduce transportation costs in face of increased gross indicates that further earnings gain may be achieved from that source. Also, the lines cover such a diversified territory that traffic is affected, in a reduced measure, by adverse economic or climatic conditions. The shares seem reasonably priced at present quotations, both on the basis of current and prospective earning power, and we hesitate to recommend acceptance of your existing paper loss at this writing.

For Features to Appear in the Next Issue

See Page 89

Trade Tendencies

(*Continued from page* 130)

hand as result of hand-to-mouth buying and thus will be forced to buy steel in order to maintain manufacturing activity. Moreover, requirements for rails and railroad equipment continue to be unusually heavy; demand for plates for tanks and ships is active; heavy construction work is requiring large amounts of steel; and there is good possibility that such demand will be further stimulated by increased construction projects made possible by easing money conditions. The single unfavorable factor in consumption outlook is the unsettled position of automobile manufacturers. Sales volume of medium and high priced cars will undoubtedly suffer from the recent bear market. It is not improbable, however, that manufacturers of inexpensive makes will benefit from the same circumstance, and the lower prices which may follow Ford's new schedule; thus mitigating the actual proportions of reduced steel demand. At any rate, steel producers have discounted decreases in automobile requirements in their production programs.

It is likely that production will evince the customary year-end decline during this month and the next; but the recession should be of moderate proportions and an immediate recovery in January is predicted. Inasmuch as this decrease is considered seasonal, and is discounted in earnings estimates, the effects on anticipated profits will be negligible.

ELECTRICAL EQUIPMENT

Expansion Rapid; Earnings High

That expansion in the electrical equipment field is progressing at rapid rate is borne out by the fact that electrical energy, which is the most reliable indicator of the number of electrical appliances in actual use, is currently showing a 10% increase over a year ago. Considering the growing use of electrical equipment in established fields and the increasing application of electrical energy to other lines, this expansion is not surprising. In fact, this type of manufacture is so diversified and the necessity for electrification in many lines is so urgent that temporary recessions in trade and industry are felt less here than in any other line.

The utilities are the heaviest con-

(*Please turn to page* 166)

MIDLAND UNITED COMPANY

Subsidiaries of Midland United Company (formerly Midland Utilities Investment Company) serve 662 communities in Indiana, Ohio and Michigan (estimated population 1,515,941). Included is the great industrial region of northwestern Indiana, adjacent to Chicago.

Both gas and electric service are supplied to Fort Wayne, Hammond, East Chicago, Whiting, Wabash, Kokomo, Lafayette, Valparaiso, Michigan City, New Albany, Jeffersonville, Bedford, Bloomington, Goshen, Huntington, Newcastle and Shelbyville, Ind.

Electric service is furnished in Vincennes, Clinton, Columbus, Connersville and Princeton, Ind. Gas service is furnished in South Bend, Mishawaka, Elkhart, Peru, Logansport and Frankfort, Ind., and Lima, Ohio. Three important interurban electric railroad systems are operated.

Common stock of the Midland United Company is listed on the Chicago Stock Exchange.

MIDLAND UNITED COMPANY

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Notice to Shareholders and the Holders of Share Warrants

Notice is hereby given that a dividend of twelve and one half cents (12½c) per share, in Canadian funds, has been declared by the Directors of the Company and that the same will be payable in respect of shares specified in any share warrant of the Company of the 1929 issue within three days after the Coupon Serial Number TWENTY THREE (23) of such share warrant has been presented and delivered to:

The Royal Bank of Canada,
Toronto, Ontario,

or at the office of:

Imperial Oil, Limited,
56 Church Street,
Toronto, Ontario,

such presentation and delivery to be made on or after the

2nd day of December, 1929.

Payment to shareholders of record at the close of business on the 15th day of November, 1929 (and whose shares are represented by share certificates of the 1929 issue), will be made on or after the 2nd day of December, 1929.

The books of the Company for the transfer of shares will be closed from the close of business on the 15th day of November, 1929, to the close of business on the 30th day of November, 1929.

BY ORDER OF THE BOARD
F. E. Holbrook,
Secretary.

56 Church Street,
Toronto, Ontario.

Intimate Talks With Readers

The Tax on Security Gains and Losses

IT is important for all traders and investors who may become liable for income tax payments to preserve the monthly statements from their brokers as an aid in supplying the necessary particulars from which to compile their returns. Many people, however, make the mistake of accepting the broker's balance as furnishing sufficient information. As a matter of fact, mere debit and credit balances can never give sufficient data to make a complete return. If there are losses on some stocks and profits on others, and the year is closed with holdings which have been purchased in part with profits made in the market, it is obvious that the cash balance alone does not represent the net profit or loss. Not only must the detailed gains and losses be known, but one must also make a memorandum of the actual prices and dates at which each block of stock carried at the end of the year was originally acquired in order that results for the next year's operations may be computed. The Government requires that all profits and losses arising from dealing in securities should be properly explained on the return, or in a supplementary statement.

It may be necessary to include some of the gains and losses in the capital net gain, should this special method of taxation be selected. Some of the losses may be subject to limitations upon the deduction of capital net losses, while other transactions may be excluded from that classification. Then again, some losses may be nondetuctible because of subsequent or prior purchase of identical issues; though the profits from other sales, even of the same security, are nevertheless taxable. The computation is indeed much more intricate than most taxpayers realize. In view of the many difficulties it is well to understand the subject now in order that proper records may be kept to facilitate a correct determination of the tax which falls due on the fifteenth of next March.

Taxable profits from sales of stocks and bonds are returnable as Income. Losses from sales of stocks and bonds, if allowable, can be deducted only by including them among the Deductions. Each transaction must be computed separately; because frequently subject to different regulations.

Regardless of how long a security has been held, the entire profit, or loss, must be returned for the year when it was actually realized. Accrued, or paper, profits are not taxable: paper losses are not deductible—so far as a nondealer is concerned. A dealer in securities, however, may determine profits and losses on an inventory basis, provided such inventories are taken on the basis of cost or market, whichever is lower.

In determining profits and losses it is permissible to deduct the necessary expenses involved in the transaction—such as commissions and transfer tax. Interest paid on securities carried on margin, or in bank loans, may be deducted as paid or may be deducted for the year when transaction was closed, if properly allocable. Where the taxpayer has an active trading account, however, it is simpler to lump all brokerage interest charges for the year under one deduction.

The amount of taxable profit on securities actually sold is the amount realized from their sale, less the cost, less allowable deductions, such as commissions and transfer taxes. For purposes of computing profits and losses on securities the basis used for determining cost may not always be the price actually paid by the holder. In the case of securities acquired by gift AFTER December 31st, 1920, the cost, or "Basis," is held to be the price paid by the first holder who did not acquire the securities by gift; but where securities were acquired by gift BEFORE January 1st, 1921, or at any date by inheritance, the basis for determining profits or losses is held to be the fair market value of such securities at the time of acquisition by present taxpayer.

In the case of securities acquired prior to March 1st, 1913, the basis for determining taxable gain or deductible loss is original cost or the fair market value as of March 1st, 1913, whichever is greater.

Where stock is sold short, the transaction is not regarded as closed until an equal number of shares of the same issue is actually covered, or until stock previously acquired by the seller, or received as a stock dividend, is delivered in settlement. Dividends paid by a short seller are deductible in determining the profit or loss arising from such a transaction.

For Feature Articles to Appear in the Next Issue See Page 89

Investing Your Money

is far too important to do it on any advice but the *Best*

BROOKMIRE has continuously stressed, both through its representatives and in other contacts with many thousands of clients here and abroad, the immense importance of research in the making of investments. It is not enough that a particular company or security be studied. General economic conditions, business as a whole, the trend of different industries, the progress of companies in those industries . . . *must be considered.* In addition, the position of security markets, the banking policy, the money situation . . . *must be taken into consideration.* Otherwise, investments cannot be permanently successful.

Extreme Thoroughness

The value of this extreme thoroughness may, perhaps, have been lost sight of in recent years when prices seemed to be able only to advance. Now, its absolute necessity has been made apparent by the violent collapse of security prices that caused such widespread and damaging losses. To repeat—without research, investment is not investment, and rarely attains success.

The Brookmire organization, because its experience dates back over 25 years, and because of its extensive research staff, is able to provide this essential foundation of research for its investment counsel, and does so, *before any recommendations are made.*

The following announcement appeared recently in publications read by 2,275,000 people. It is reprinted here, since it states so clearly the point of view of this organization.

From Now On

INVESTORS who own sound securities can, in our judgment, continue to hold them with all confidence. It is our further judgment that capital can now be wisely employed for conservative investment purchases.

We do not mean to imply that all securities will rapidly appreciate, equalling or surpassing recent high levels. We do mean, however, to emphasize emphatically that American business is fundamentally sound, that American industry should continue to advance, that it has not and cannot be stopped from advancing by senseless depressing of security prices, and that American security markets are in a sound position.

The far too violent declines, beyond any question brought to countless security holders most intense worry and alarm. We believe no such feeling need be extended to the future if sane principles are adhered to.

A Service with this background and built firmly on this principle has so much that is absolutely required by the individual investor, and is able to furnish it at a cost to him so low—by virtue of the number of its clients—that if *you* own securities with a value of even $5,000, or contemplate their purchase, you cannot afford to ignore its value. *Investing your money is far too important to do it on any advice but the best.*

Information that is important to you

Brookmire Service is known to bankers and economists everywhere...Its record is available for inspection. We would welcome your personal visit either at our head offices or at any one of our branches in 25 cities. Meanwhile, if you will write to us we will send complete information, without obligation. If you will indicate also on the coupon whether you would like a complimentary copy of our latest bulletin on the present position of securities, it will be included.

Address inquiries from West of the Rockies to Brookmire Economic Service, Russ Bldg., San Francisco, Cal.

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RADIO IN EVERY ROOM

Bank, Insurance and Investment Trust Stocks

Quotations as of Recent Date

NATIONAL BANKS	Bid	Asked
Bank of America, N. A. (4.50)	140	160
Chase (4)	156	166
Chatham & Phenix (4)	110	125
Chemical (1.80)	98	108
City (4A) new	295	310
Commerce	525	625
First (N. Y.) (100A)	5000	6000
Public (new) (4)	135	145
TRUST COMPANIES		
Irving Trust (1.60)	59	63
Bankers (new) (3)	135	145
Bank of N. Y. & Trust Co. (20)	750	850
Brooklyn (30)	1050	1150
Central Hanover	340	355
Empire	380	430
Equitable (12)	100	110
Guaranty (20)	660	690
Manufacturers (6)	140	145
New York (new) (5)	260	280
United States Trust (70)	3300	4000
STATE BANKS (NEW YORK)		
Corn Exchange (4)	200	215
Manhattan Co.	145	155
State (18)	330	—
United States	170	175
INSURANCE COMPANIES		
Aetna Fire (20)	575	625
Aetna Life	95	105
Fidelity-Phenix (2)	110½	111
Continental (1.60)	37	42
Glens Falls (1.60)	50	60
Globe & Rutgers (24)	900	1100
Great American (1.60)	37	40
Hanover (1)	55	60
Hartford Fire (22)	750	850
Home	40	42
Carolina (1.50)	25	32
National Fire (2)	70	80
North River (2.50)	65	75
United States Fire (2.40)	70	80
Stuyvesant	70	80
Travelers (24)*	1450	1550
Westchester (2.15)	65	70
SURETY AND MORTGAGE COMPANIES		
American Surety	115	125
National Surety	124	126
Lawyers Mortgage (2.80)	44	48
JOINT STOCK LAND BANKS		
Chicago	13	17
Dallas (6)	85	95
Des Moines	4	8
First Carolina	7	12
Lincoln (4)	40	48
Southern Minnesota	1	4
Virginia (B)	½	1¼
INVESTMENT TRUST SHARES		
American Founders Trust com.	85	95
Do 6% Pfd.	42	—
Do 7% Pfd.	48	—
Diversified Trustees Shares	22½	23¼
Do Series B.	18¼	19½
Fixed Trust Shares A.	19⅝	20½
Insuranshares, B 1928	19	—
Interl. Sec. Corp. of Amer., B.	25	—
Do A	50	—
Do 6% Pfd.	72	—
Oil Shares, Inc. (units)	50	55
Second Intl. Securities. A	40	—
Do 6% Pfd.	35	—
Shawmut Bank	52	55
U. S. & British Internl. B	12	—
U. S. Shares, Series A-1	12⅝	14

(A) Including div. wherever paid by Securities Companies in some cases. (B) Par $5. * Including extras. (X) Ex-rights.

THE financial stocks—shares of banks, insurance companies and investment trusts—have suffered almost unbelievably in the general decline of the securities markets during the past few weeks. In the first stages of the stock market unsettlement, these various groups of stocks held up comparatively well, particularly the stocks of the larger metropolitan banks. In the aftermath of the general "values panic" however, it is seen that the secondary investment markets including the financial institutional stocks were as hard hit as any other class of securities.

The growth of an extensive speculative following in the bank stock market during the advance was frequently pointed to in these columns and in the final day of reckoning the literal sacrifice of such holdings was probably the greatest single factor in the debacle that occurred. Bank stock values in many cases fell off to levels all out of line with earnings and the prospects of the issuing bank; insurance stocks receded to levels below the previously known liquidating values and investment trust securities sold at levels that had no relation with intrinsic values on any basis, due to the lack of information concerning the real position of this latter group in the securities markets. In the case of the bank and insurance stocks, it is unlikely that any such demoralization would have been witnessed with the kind of ownership that these securities enjoyed five years ago—but then with such ownership it is equally probable that prices could not have gone into such high levels on the advance.

One of the most interesting development in the local bank situation was the failure of the stockholders of the *National City Bank* to approve the merger with the *Corn Exchange Bank* proposed by the directors. The failure to ratify the proposal by *City Bank* is attributed to a clause in the bargain which provided for a cash payment for *Corn Exchange* shares. The failure of the *City Bank* stockholders to approve the offer made by their directors and accepted by a majority of *Corn Exchange Bank* shareholders is due to market conditions prevailing at present and in no way reflects upon the position of either bank concerned in the deal or in the prospects for future consolidations by these or other local banks.

How Life Insurance Trusts and Optional Settlements Conserve Policy Proceeds

(Continued from page 127)

ceeds, the life company's powers are generally limited. Moreover, it is not the province of a life insurance institution to undertake the interpretation and application of complicated settlements involving various contingencies. If, for instance, the insured stipulates that in event of his son Romeo Brown marrying Juliet Green the said Romeo shall thereby forfeit one-half the income otherwise provided from the life insurance proceeds—this is an occasion when the life insurance company cannot function, and where the broad discretionary powers permitted a trust company may enable it to undertake the delicate task of appeasing Romeo, and also carrying out his father's wishes.

Policy funds left with a life insurance company are merged with the general assets of the company, and thus the entire assets of the company guarantee the particular proceeds left for payment to the beneficiary. There are neither capital profits nor losses in such cases. No direct charge is made by the life company when paying policy proceeds as income or otherwise.

The interest rate on funds held by life insurance companies is guaranteed at a minimum rate of either 3% or 3½%, with excess interest payable at the rate fixed by company directorates each year. This excess interest at the present time brings the net yield to beneficiaries up to 4¾% or better—sometimes even over 5%. The investment powers of life insurance companies are definitely laid down by law; only certain types of high-grade securities are permitted for such investments, and the security to beneficiaries ranks with a good government bond, while the yield is better.

For Help in

Solving Your

Life Insurance Problems

Consult

Our Insurance

Department

THE small towns of America today are facing a greater destiny as a result of industry's search for locations beyond the borders of the large cities. They are becoming the scene of a new economic growth, because industry has realized the value and the necessity of getting away from congested centers to points where manufacturing can be done most economically.

This movement of industry away from the city has been made possible in large measure by the ability of manufacturers to obtain in the small town an ample and efficient supply of electric power. The National Electric Power Company's subsidiaries provide this power supply in more than 1,800 non-metropolitan communities in the Eastern United States.

NATIONAL ELECTRIC POWER COMPANY

HOLLY AND MISTLETOE

For the Christmas Holidays

Large box of fresh gathered holly and mistletoe, each spray full of berries. Carefully packed in Spanish gray moss. Sent parcel post prepaid anywhere in the United States for five dollars.

Will make an unusual and delightful Christmas gift. Send some to your relatives and friends. I will enclose your card if you wish.

Mrs. W. W. Midgette **Kitty Hawk, North Carolina**

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We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

VICK CHEMICAL COMPANY

This company is discussed in a bulletin that has been prepared by Goodbody & Co., members New York Stock Exchange, which will be forwarded free of charge for the asking. (590).

AN INVESTMENT TRUST INTERNATIONAL IN SCOPE

The executives of the Atlantic and Pacific International Corporation have been chosen for their practical experience, their ability, and their judgment of investments. A circular giving list of officers and latest financial report will be sent upon request. (607).

TRI UTILITIES CORPORATION

This great public utility system, operating in twenty-six states extending from the Atlantic to the Pacific, offers you the opportunity of investing soundly in their Five Per Cent Convertible Debentures with the additional advantage of participating in the profits accruing to ownership of the corporation's common stock. Write for special folder. (617).

THE SEAL THAT CERTIFIES SAFETY

Issued by General Surety Company, gives important information regarding your investments and the part the seal of this company plays in guaranteeing payment of principal and interest when due. Send for 620.

ELECTRIC POWER CORPORATION

A statistical table has been prepared by J. R. Schmeltzer & Co., which gives valuable information to investors regarding contemplated investments in any of these companies. Send for your free copy. (621).

PRIZE INVESTMENT LIST COMPARISONS

This folder compares the record of Financial Investing Co., of New York, Ltd., with the results achieved during the past four years by 14 prize-winning investment recommendations. It shows how Financial Investing shares gained 59% in value and returned an average of 13.35% to investors. Send for 628.

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An attractive investment opportunity is offered by the Class A Convertible Preference Stock of this company, makers of equipment widely used by the largest industrial corporations (automobile, radio, packing, furniture). Yield over 7% and convertible share for share into common stock. Write for circular 633.

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New York Curb Market

IMPORTANT ISSUES

Quotations as of November 7, 1929

Name and Dividend	1929 Price Range High	1929 Price Range Low	Recent Price
Aluminum Co. of Amer.	539½	140	250
Aluminum Pfd. (6)	280	100½	105
Amer. Cyanamid "B" (1.40)	69½	22⅝	28
Amer. Gas Elec. (1)‡	224⅞	96	107
Amer. Super Power	71⅛	16⅝	23
Assoc. Gas Elec. "A" (2.40)	72⅝	35⅛	47
Centrif. Pipe (0.60)*	13	5⅛	5⅞
Cities Service (.30)†	68⅛	20	31
Cities Service Pfd. (6)†	98¾	87	87
Cons. Gas of Balt. (3)	160	71	89¾
Consolidated Laundries	21	10	10¾
Durant Motors†	20	5	5⅛
Elec. Bond Share (6 Stk)	189	50	74
Elect. Investors† (6% stk.)	302⅞	75	115
Ford Motors of Canada A	69⅛	15	27⅞
Ford Motors, Ltd.	21⅞	10⅛	12⅛
General Baking*	10⅞	2⅛	4
General Baking Pfd. (6)	79⅛	50	55
Glen Alden Coal (10)†	159¾	80	110½
Gulf Oil (1.5)†	209	121⅛	138
Happiness Candy Stores	5⅜	1⅛	2
Hecla Mining (1)	28⅞	10	14⅞
Hygrade Food Products	49⅞	10½	12⅜
International Utilities B	28⅞	3	6¾
Insur. Securities Inc. (1.40)	33	20	21⅝
Lion Oil Refining (2)*	38⅞	18	21
Lone Star Gas (.80)	67⅞	28	35⅛
Metro Chain Stores	89	35	39¾
Mountain Producers (1.60)	22⅞	7	8⅛
National Fuel Gas (1)	43⅞	24¾	27⅛
New Mex. & Arizona Land†	9⅝	2⅛	3
New Jersey Zinc (4)	87⅞	69	71⅛
Nipissing Mining (30c)*	3¾	1¾	1⅞
Pittsburgh & Lake Erie (5)	156⅞	101⅛	105
Salt Creek Producers (2)†	25⅞	9⅛	10⅜
So'east Pwr. & Lt. Pfd. (7)	110⅞	104	104⅞
So'east Pwr. & Lt. (4)	138	50	58
Stutz Motors*	34	5⅛	6⅜
Tobacco Products Export†	3⅝	¾	⅞
Transcontinental Air Trans.	33⅝	8⅝	9⅛
Trans Lux	24	3	6⅛
Tubize Artif. Silk† (10)	550	150	175
Tung-Sol (2)	49⅜	10½	20⅜
U. S. Gypsum (1.60)	91⅝	48	57
STANDARD OIL STOCKS			
Continental Oil	29	10	14
Humble Oil (2)†	128	75	86⅛
International Pet. (.37½)	30⅜	15	20⅜
Ohio Oil (2½)	79⅞	64⅛	70⅜
Standard Oil of Ind. (2½)†	63	45	52⅛
Vacuum Oil (4½)†	133¾	75½	99

* Listed in the regular way.

† Admitted to unlisted trading privileges.

‡ Application made for full listing.

CONTINUED liquidation has been experienced on the Curb during the past fortnight in the general readjustment of brokers' accounts and the forced selling by traders and investors who found the burden of their holdings too heavy a load to carry. A sharp rally in prices generally was precipitated by bargain hunters who came into the market too hastily, attracted by the low level of prices. This rally was short lived and contributed only to the irregularity and disturbing fluctuations of values of Curb securities.

Toward the latter part of the period under review, the volume of trading fell off substantially, giving the over-worked brokers an opportunity to straighten out their badly tangled affairs and the trading proceeded thereafter in a more orderly manner. If the market settles down at around these levels, the movements of stock prices will probably be a good deal more discriminating in the future than during the past few weeks, both in the price declines and the advances of individual issues.

At this stage of market reconstruction, the heaviest demand for stocks will be for investment purposes rather than for speculative trading. The shares of corporations that have a good prospect for continued prosperity during 1930 seem to be the most attractive at this time, rather than shares whose chief claim for investor's attentions lie in the fact that they are selling far below their high prices established during the current year.

The oil shares as a group seem to qualify well under the former classification, both in respect to the earning power of the better petroleum companies under business conditions that in many quarters are held to be only moderately favorable and in respect to the outlook for improvement within the oil industry next year. Much progress has already been made in the efforts of the leading companies to curtail production and still more progress is expected next year. With this major difficulty settled, the oil companies and likewise the shares of these companies should do considerably better next year. Some of the Curb oil stocks that seem to be particularly well situated are *Vacuum Oil, Standard Oil of Indiana, Humble Oil,* and *Gulf Oil of Pennsylvania.* We believe that these shares are attractive for long range investment purposes at their current levels.

Turn Your Losses Into Profits

Wetsel Market Bureau, Inc., Investment Counselors, recognized for their fearless, definite advice during the recent stock market catastrophe, now offers a new Advisory Service at a nominal fee.

Realizing that thousands of Investors and Traders have unfortunately lost a portion of their former capital . . . and that others with paper losses need assistance in order to recoup these losses . . . this Bureau announces the publication of a new weekly Market Letter at a cost within the reach of all.

A New Low-Cost Advisory Service to Meet New Market Conditions

Wetsel Market Letter

This new Advisory Letter, "Wetsel Market Letter," is edited and mailed each week after the close of Tuesday's market. In all respects it is as definite and concise as the well known "Market Action," which is followed by thousands of investors and traders in all States of the Union. In a word, it is a "Junior" edition of "Market Action." Of course, it is not as large, nor as complete as "Market Action;" nor is it a four page printed bulletin. Rather, it is a short concise Multigraphed Market Letter, with every inch of space utilized to render definite trading advice.

Reliability

During the recent market crash this Bureau advised its clients, on repeated occasions, of an impending deep decline. For example, as early as September 2nd, clients were advised to accept profits in stocks where sensational advances had occurred. On September 23rd it was stated that "upward trend in progress since June appears exhausted." On October 7th, after the first decline in prices, it was definitely stated in our Bulletin that we advised even "long term" investors to become 75% *liquid* on the next rally. The rally which followed carried many stocks near their former highs. And . . . on October 21st, only a few days prior to the big crash, the headlines in our Bulletin stated that "general market is evenly balanced on last resistance . . . pronounced weakness from current levels will indicate *downward trend.*"

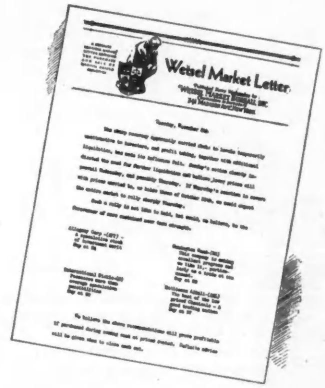
Profits Available Now

Profits will be made in the market this year, next year and every year. However, authoritative advice is now more essential than ever before and the past record of this Bureau is an assurance of your receiving accurate and valuable counsel.

At slight cost, this Bureau offers the combined advices of all of its experienced analysts in order to assist you in recovering any losses which you may have sustained. Although the "Wetsel Market Letter" is not a complete investors' service, as is offered by "Market Action" and "Investment Outlook," nevertheless it is a valuable *low cost* service for those who must now start all over again in a small way to build up their market profits.

Definite, Concise Recommendations

The Wetsel Market Letter, mailed Tuesday night, will contain several definite recommendations for the purchase and sale of leading, active securities; and stated price levels will be given in all instances. You will not be left in doubt as to the action to take. Likewise this "Letter" will give complete follow-up advice of previous recommendations.



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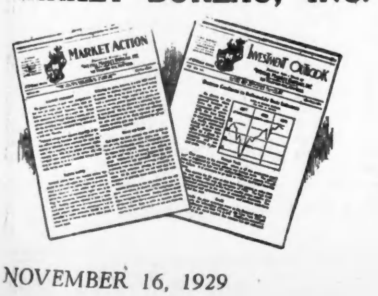

Counselors to Investors

***

Editors of "Market Action" and "Investment Outlook"

***

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Recent Reported Earning Position of Leading Companies

This department serves to provide a current record of earnings reported by leading companies. Each issue covers only those reports which are received during the fortnight immediately preceding. Net worth is calculated from the latest available balance sheet; and earnings thereon serve to measure the profit position of the company in relation to its stockholders' investment. The ratio of debt to net worth indicates, by a percentage figure, the extent of bondholders' claims as compared to stockholders' equity.

Industrials

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value Nov. 4, 1929, Times Earnings	Dividend Rate
Adams Express	9 mos.	NR	NR	2.50	12.4(g)	—
Ainsworth Mfg.	9 mos.	NR	NR	6.23	3.4(g)	2½
Air Reduction	9 mos.	.16	ND	5.63	17.5(g)	3
Allis-Chalmers	9 mos.	.07	31	2.98(k)	16.5(g)	2
American Bank Note	9 mos.	.12	ND	3.62	22.5(g)	2(a)
Amer. Commercial Alcohol	9 mos.	.09	ND	2.59	9.0(g)	1.60
Amer. Metal Co., Ltd.	9 mos.	NR	NR	2.60	15.1(g)	3
Amer. Safety Razor	9 mos.	.07	ND	4.77	8.9(g)	4(a)
Amer. Type Founders	Year	.08	30	16.11	8.9	8
Amer. Writing Paper	9 mos.	.03	61	.45	14.2(g)	—
Anchor Cap. Corp.	9 mos.	.07	ND	3.06	11.8(g)	2.40
Archer-Daniels-Midland	Year	.09	ND	2.45	12.2	2
Art Metal Construction	9 mos.	NR	NR	1.78	10.7(g)	1½
Associated Oil	9 mos.	.06	16	2.32	14.1(g)	2
Atlantic Gulf & W. I.	8 mos.	.07	71	9.29	5.2(g)	—
Atlas Powder	9 mos.	.08	ND	6.29	11.7(g)	4
Aviation Corp.	6 mos.	.02	ND	.34(b)	12.5(g)	—
Barnsdall Corp.	9 mos.	.11	41	2.53-A	7.8(g)	2(a)
Bethlehem Steel	9 mos.	.08	49	11.23	6.8(g)	6
Blumenthal (Sidney)	9 mos.	.27	12	10.19	3.7(g)	—
Bon Ami	9 mos.	.18	ND	5.26-A	11.0(g)	4(a)
Borg Warner Corp.	9 mos.	.31	NM	5.05	6.2(g)	4
Bulova Watch	9 mos.	.04	NM	.63	36.9(g)	3
Bush Terminal	9 mos.	.06	88	2.98	10.8(g)	2(a)
Butte Copper & Zinc	9 mos.	.04	ND	.27	8.35(g)	—
Calumet & Hecla	9 mos.	NR	NR	2.95(c)	9.2(g)	4
Charis Corp.	9 mos.	NR	NR	4.26	4.6(g)	2(a)
Childs	9 mos.	.03	50	1.25	35.9(g)	2.40
City Ice & Fuel	9 mos.	.12	11	3.95	9.0(g)	3.60
Coca Cola Co.	9 mos.	.25(b)	ND	8.90(b)	11.4(g)	4
Conde Nast	9 mos.	.22	6	3.49	10.1(g)	2
Consolidated Cigar	9 mos.	.08	1	6.51	5.9(g)	7
Continental Oil	9 mos.	.05(b)	24	1.63(b)	12.9(g)	—
Corn Products Refining	9 mos.	.10	2	3.78	19.7(g)	3(a)
Cuba Cane Sugar	Year	(d)	56	(d)	—	—
Curtis Publishing	9 mos.	.34	ND	6.56	12.9(g)	6
Diamond Match	9 mos.	.05	ND	7.21	13.1(g)	8
du Pont (E. I.) de Nemours	9 mos.	.14	NM	5.64(k)	17.3(g)	4½
Eastern Rolling Mills	9 mos.	.13	ND	2.59	6.7(g)	1½
Evans Auto Loading	9 mos.	.18	ND	3.26	6.9(g)	2½(a)
Filene's (Wm.) Sons, Inc.	6 mos.	NR	NR	.77	36.0(g)	—
Follansbee Bros.	9 mos.	.12	29	6.98	5.1(g)	3(a)
Fox Film Corp.	9 mos.	.15	10	9.61-AB	5.8(g)	4
General Cable Corp.	9 mos.	.10	45	3.63	7.8(g)	—
General Cigar	9 mos.	.13	21	5.52	7.7(g)	4
General Motors	9 mos.	.24	ND	4.96	6.8(g)	3(a)
General Ry. Signal	9 mos.	.12	ND	5.53	11.9(g)	5
General Refractories	9 mos.	.09	ND	6.34	8.4(g)	4(a)
Gobel (Adolf) Inc.	9 mos.	.01	25	.15	75.5(g)	—
Grand Union Co.	9 mos.	.06	NM	1.00	11.4(g)	—
Granite City Steel	9 mos.	.14	ND	4.58	7.8(g)	4
Gulf States Steel	9 mos.	.05	19	5.09	8.1(g)	4
Hall (C. M.) Lamp Co.	9 mos.	NR	NR	2.59	4.9(g)	2
Hercules Powder	9 mos.	.08	ND	4.41	15.3(g)	—
Hershey Chocolate	9 mos.	.22	ND	6.74	10.5(g)	—
Howe Sound	9 mos.	.17	ND	5.96	6.0(g)	—
Hupp Motor Car	9 mos.	.09	ND	2.25	8.3(g)	2(a)
Industrial Rayon	9 mos.	.06	2(s)	5.58	11.9(g)	—
Inland Steel	9 mos.	.16	51	7.74	8.6(g)	3½
Int'l Business Machine	9 mos.	.16	16	8.09	15.9(g)	5
Int'l Silver	9 mos.	.05	ND	8.58	11.4(g)	—
Lambert Co.	9 mos.	NR	NR	7.79	10.3(g)	8
Marlin Rockwell	9 mos.	.24	ND	5.47	6.7(g)	2(a)
Maytag	9 mos.	.39	ND	2.35	5.7(g)	1½(a)
McCall Corp.	9 mos.	.14	ND	6.14	9.8(g)	4
Mengel Co.	9 mos.	.09	28	2.78	4.9(g)	2
Mullins Mfg.	9 mos.	.06	ND	3.17	3.3(g)	—

(Please turn to page 164)

Financial Personalities

ROLLIN C. BORTLE, president of the enlarged Chatham Phenix Corporation, announces that as a result of the completion of negotiations with the William R. Compton Company, the officers and personnel of the company in New York, Boston, Philadelphia, Chicago, Milwaukee, Detroit, Des Moines, St. Louis, Cincinnati, and Kansas City have been taken over and are now being operated as offices of the Chatham Phenix Corporation.

* * *

CHARLES S. PEARCE, president of the Colgate-Palmolive-Peet Corporation, is to be president of International Quality Products Corporation, the new food and drug holding company which will control the Hershey Chocolate Company, Kraft-Phenix Cheese Corporation, and the Colgate-Palmolive-Peet Corporation.

* * *

TROWBRIDGE CALLAWAY, of Callaway, Fish & Company, New York, was recently elected president of the investment Bankers Association for the 1929-1930 term.

* * *

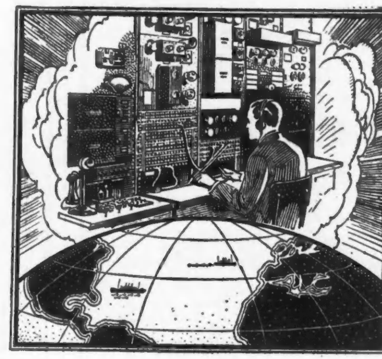
EDWIN LENNOX of Chicago has been elected president of Ameri can Colortype Company to succeed G. W. Reynolds of New York who resigned to become chairman of the board of directors.

* * *

R. L. AGASSIZ, chairman of Calumet & Hecla Consolidated Copper Company, has been reelected president of the Copper and Brass Research Corporation.

For Features to Appear in Our Next Issue See Page 89

Uniting two hemispheres



AT your command, the long distance operators at the transatlantic section of the great switchboards in New York City will connect any telephone in the Bell System to any telephone in Great Britain or to any one of 5,500,000 others in the principal countries of continental Europe. The use of transatlantic telephone facilities is increasing and rapidly bringing additional centers within the telephone horizon.

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MARKET STATISTICS

	N. Y. Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N. Y. Times 50 Stocks High	N. Y. Times 50 Stocks Low	Sales
Thursday, October 24..........	87.25	299.47	165.50	264.73	238.19	12,894,650
Friday, October 25..........	87.28	301.22	166.51	260.82	252.46	5,923,220
Saturday, October 26..........	87.32	298.97	166.32	257.02	251.96	2,087,660
Monday, October 28..........	86.92	260.64	155.41	250.30	222.57	9,212,800
Tuesday, October 29..........	86.27	230.07	147.06	215.49	183.50	16,410,030
Wednesday, October 30........	84.16	258.47	152.66	219.66	196.00	10,727,320
Thursday, October 31........	84.48	273.51	159.82	236.06	224.73	7,149,390
Friday, November 1..........			EXCHANGE CLOSED			
Saturday, November 2..........			EXCHANGE CLOSED			
Monday, November 4..........	86.10	257.68	156.22	227.85	215.63	6,202,930
Tuesday, November 5........			HOLIDAY—EXCHANGE CLOSED			
Wednesday, November 6......	86.16	232.13	145.49	212.95	192.68	5,914,760

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Will the subscriber to THE MAGAZINE OF WALL STREET who has a copy of the November 20, 1926, issue for sale, communicate with Mr. B. Louis, Secretary to Mr. E. Beddington Behrens, 2 Mansfield Street, Portland Place, W. 1, London, England?

Recent Reported Earning Position of Leading Companies

(Continued from page 162)

Industrials (Cont'd)

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value Nov. 4, 1929, Times Earnings	Dividend Rate
National Biscuit	9 mos.	.15	ND	6.11	21.6(g)	6(a)
National Tea	9 mos.	.11	ND	2.45	12.9(g)	1½
New Jersey Zinc	9 mos.	NR	NR	3.54	16.5(g)	3
Newport Co.	9 mos.	.14	44	2.18	22.4(g)	2
Otis Steel	9 mos.	.15	47	3.89	7.3(g)	2½
Packard Motor	Year	.36	ND	1.63	11.2	—
Penna. Coal & Coke	9 mos.	NM	18	.19	39.5(g)	—
Pierce Arrow	9 mos.	.31	ND	11.23-A	1.6(g)	—
Pittsburgh Screw & Bolt	9 mos.	.20	30	1.75	8.7(g)	1.40
Prairie Pipe Line	9 mos.	.13	ND	4.22	10.2(g)	3(a)
Pullman, Inc.	9 mos.	.05	ND	4.11	15.0(g)	4
Reo Motor Car	9 mos.	.06	ND	1.04	9.5(g)	.80(a)
Republic Iron & Steel	9 mos.	.08	30	8.41	7.3(g)	4
Rio Grande Oil	6 mos.	.07	ND	2.46	4.6(g)	2(a)
Savage Arms	9 mos.	.08	ND	3.40	5.9(g)	2
Shattuck (F. G.)	9 mos.	.13	6(m)	1.61	20.1(g)	1
Skelly Oil	9 mos.	.13	37	4.40	5.8(g)	2
So. Porto Rico Sugar	Year	.07	8	2.52	12.7	2(a)
Spang, Chalfont	9 mos.	.13	37	3.59	5.6(g)	—
Spicer Mfg.	9 mos.	.20	ND	5.16	4.9(g)	—
Standard Plate Glass	9 mos.	(d)	32	(d)	—	—
Stewart Warner	9 mos.	.21	ND	5.15	6.8(g)	3½(ae)
Studebaker Corp.	9 mos.	.11	ND	6.72	5.8(g)	5
Superior Steel	9 mos.	.03	36	1.69	11.1(g)	—
Telautograph Corp.	9 mos.	.09	ND	1.06	12.8(g)	1(a)
Texas Gulf Sulphur	9 mos.	.53	ND	4.52	9.9(g)	4
Tidewater Asso. Oil	9 mos.	.09	ND	1.17	8.9(g)	—
Transcontinental Oil	9 mos.	.08	27	.53	12.0(g)	—
Trico Products	9 mos.	.55	ND	5.37	5.0(g)	2½
United Biscuit Co	9 mos.	.12	33	3.11(k)	10.3(g)	1.60
U. S. Distributing	9 mos.	.05	31	.49	27.3(g)	—
U. S. Leather	9 mos.	(d)	ND	(d)	—	—
Virginia Iron, Coal & Coke	9 mos.	(d)	18	(d)	—	—
Ward Baking	42 wks.	.08	13	.62-B	7.8(g)	—
Western Air Express	7 mos.	NR	NR	4.95(b)	4.0(g)	.60
Westinghouse Air Brake	9 mos.	.10	ND	1.94	18.9(g)	2
Westinghouse E. & M.	9 mos.	.11	16	7.32	15.0(g)	4
Wheeling Steel	9 mos.	.07	41	9.91(g)	7.8(g)	4
White Sewing Machine	9 mos.	.05	60	.90	10.0(g)	—
Yale & Towne Mfg	9 mos.	.08	ND	3.81	15.1(g)	4
Yellow Truck & Coach	9 mos.	.02	ND	0	—	—
Young (L. A.) Spring & Wire	9 mos.	.25	10	5.03	5.9(g)	3
Zonite Products	9 mos.	.07	ND	1.30	15.6(g)	1.60

Railroads

Atlantic Coast Line	Year	.01	86	10.48	17.1	7(a)
Bangor & Aroostook	9 mos.	.07	152	7.28	7.0(g)	3½
Boston & Maine	9 mos.	.05	115	5.75	15.0(g)	—
Chesapeake & Ohio	9 mos.	.09	93	15.76	9.9(g)	10
Chicago & Northwestern	9 mos.	.05	128	7.68	8.4(g)	4
Chicago, R. I. & Pacific	9 mos.	.06	164	9.31	9.9(g)	7
Erie	9 mos.	.03	78	4.08	10.4(g)	—
Hocking Valley	9 mos.	.11	77	34.14	10.6(g)	10
Illinois Central	9 mos.	.03	140	5.64	17.5(g)	7
Minn., St. Paul & Sault Ste. M.	9 mos.	.02	164	2.93	12.7(g)	—
Missouri, Kansas & Texas	9 mos.	.04	76	2.56	11.7(g)	—
N. Y., Chicago & St. Louis	9 mos.	.06	112	14.11	8.1(g)	6
N. Y., New Haven & Hartford	9 mos.	.06	116	7.24	11.3(g)	5
N. Y., Ontario & Western	9 mos.	NM	44	.13	93.2(g)	—
Norfolk & Western	9 mos.	.09	38(j)	20.55	8.9(g)	12
Pittsburgh & W. Va.	9 mos.	.04	14	5.71	14.7(g)	6
St. Louis-San Francisco	9 mos.	.06	208	8.26	10.4(g)	8
St. Louis Southwestern	9 mos.	.01	106	.02	—	—
Texas & Pacific	9 mos.	.04	55	9.37	10.1(g)	5
Western Maryland	9 mos.	.02	73	1.63(z)	10.8(g)	—

Public Utilities

American Light & Traction	12 mos.	.08	47(s)	14.95	16.0	10
Commonwealth & Southern	12 mos.	.03	ND	.74	20.6	5(e)
Consol. Gas, Elec. Lt. of Balt.	9 mos.	.09	101	4.64(k)	16.6(g)	4
Hudson & Manhattan	9 mos.	.03	147	3.37	11.0(g)	3½
Peoples Light & Power	Year	.06	159	4.40-A	9.9	2.40(a)
Twin City Rapid Transit	9 mos.	.03	84	2.58	9.3(g)	4

(a) And extra. (b) Before taxes. (c) Before depletion. (d) Deficit. (e) Payable in stock. (g) Based upon estimated annual earnings as indicated by period reported. (j) Including joint obligations. (k) Based upon average shares outstanding during period. (m) Including mortgages. (s) Including obligations of subsidiaries. (z) Not allowing for accumulated dividends. ND—No funded debt. NM—Negligible. NR—Unavailable.

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We have available for distribution descriptive circular on all the Standard Oil issues. (219).

THE PARTIAL PAYMENT
method of purchasing good securities in odd lots and full lots on convenient terms is explained in a free booklet issued by an old established New York Stock Exchange House. (224).

ODD LOTS
A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225).

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This booklet describes a practical Partial Payment Plan, whereby sound securities may be purchased through monthly payments of as little as $10. Shows how a permanent, independent income may be built through the systematic investing of small sums set aside from current earnings. (318).

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A pioneer periodical giving latest developments in the Investment Trust field and brief summaries of attractive issues. Sent free by a leading house specializing in investment trusts. (429).

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A pamphlet now in preparation describes the safety and profit factors in convertible securities and makes reference to current opportunities. Send today for 570.

Statistical Record of Business

	Week Ended Nov. 2, 1929	Week Ended Nov. 9, 1929	Year Ago
Volume Stock Exchange Transactions (shares)	43,499,540	22,516,410	22,085,629
Average Price Magazine of Wall Street Index	125.8	111.7	155.8
Volume Bond Transactions	$91,478,700	$71,749,000	$45,485,625
Average Price 40 Bonds	86.92-84.16	86.16-85.88	91.15-90.77
Brokers' Loans (Federal Reserve)	†$5,538,000,000	‡$4,882,000,000	$4,979,000,000
Comm'l Loans Federal Reserve Member Banks	$9,580,000,000	$9,755,000,000	$9,214,656,000
Federal Reserve Ratio	69.4	69.8	67.1
Gold Holdings	$3,177,008,000	$3,170,631,000	$2,768,367,000
Rediscount Rate, N. Y.	5%	5%	5%
Debits to Individual Accounts	†$27,948,000,000	‡$23,579,000,000	$14,729,000,000
Call Money	6%	6%	7%
Time Money (90 days)	6%	6%	7%
Commercial Paper	5¾%	5¾-6%	5½%
Acceptances (90 days)	4⅞-4¾%	4⅞-4¾%	4⅝-4½%
Dun's Business Failures	414	402	363
Weekly Food Index (Bradst's)	$3.18	$3.19	$3.32
	Sept. 1	Oct. 1	
Wholesale Prices (Bradst's)	$12.67	$12.70	$13.13

Industrial Barometers

	August	September	Year Ago
U. S. Steel Unfilled Tonnage	3,658,211	3,902,581	3,698,368
Steel Ingot Production	4,925,802	4,510,879	4,147,583
Pig Iron Production	3,755,680	3,466,611	3,062,314
Pig Iron Furnaces in Blast	210	205	197
*Copper Production (short tons)	91,735	92,538	78,341
Car loadings	5,590,853	4,538,575	4,470,541
Automobile Production	498,361	415,332	415,314
Building Permits (Bradstreet's)	$148,059,000	$148,059,800	$173,809,900
Petroleum Production (bbls.)	92,288,000		77,807,000
Bituminous Coal Production (net tons)	43,889,000	44,515,000	41,971,000
Cotton Consumption (bales)	558,113	545,649	492,307
Spindles active	30,236,880	30,037,922	28,209,094
Wool Consumption (lbs.)	51,447,103	51,447,103	49,122,328
Railroad Earnings	$141,436,100	$133,898,013	$134,491,318
% on Railroad Property invested	67.46	67.64	67.56

Foreign Trade

	August	September	Year Ago
Merchandise Exports	$382,000,000	$442,000,000	$421,607,000
Merchandise Imports	$377,000,000	$353,000,000	$319,668,000
Gold Exports	$881,000	$1,205,000	$3,810,000
Gold Imports	$19,271,000	$18,891,000	$4,273,000

Distributive Trades

	July	August	Year Ago
Wholesale Distribution—Eight Lines—Index Number**	101	103	101
Chain Stores Sales Index number**	181	195	166
Dept. Stores Sales index number**	106	112	105

* U. S. Mines. † Oct. 30, 1929. ‡ Nov. 6, 1929. ** Monthly aver. 1923-25 = 100; adjusted for seasonal variations.

(*Continued from page 155*)

sumers of electrical equipment with central power plants continuously requiring additional producing, controlling and transmitting facilities as well as levying a heavy replacement demand for modern apparatus. The extensive growth of telephone companies has created needs which exceed production capacity of manufacturers of telephone equipment and production schedules of such manufacturers are steadily revised upward. Radio equipment affords an increasing field and replacement demand which arises from continuous improvement of apparatus accounts for no little portion of total sales volume. Also, the domestic appliance branch covering a line ranging from a violet ray lamp to a complete home lighting unit is an important outlet. It is estimated that a potential 25 billion dollar market exists for wiring, fixtures and appliances for homes and farms. While these last two items are fairly sensitive to current conditions and may be adversely affected temporarily by any recession in business generally, their long term outlook is excellent. The most promising immediate market, however, lies in electrification of railroads. At present only 3% of our railroad mileage is electrically equipped and principal roads have already launched extensive electrification programs.

During the first half year earnings for principal companies increased approximately 42% over the comparable period in 1928. Notwithstanding thin profit margins necessitated by keen competition in the industry, large increases in volume and the advantages and economies derived from perfected operations and heavy production rates make the outlook for sustained high earnings very favorable.

TEXTILES

Industry Shows Scant Improvement

Material increases in consumption this year which is stimulated by favorable weather conditions, by attractive fashion changes and by lowered prices mark some progress toward putting the textile industry on a more favorable basis than has obtained for a long time; but much remains to be accomplished before the industry can be said to be truly prosperous. Other recent developments such as improvements in marketing methods, regulation of production and more efficient manufacturing operations also give promise of better times to come if these trends continue. There are at present certain adverse factors which tend to retard

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the favorable developments and which will require an extended period of time for correction. Of these the most fundamental is, of course, extensive extra-production facilities which encumber all branches of the industry except rayon. Notwithstanding the fact that demand has been unusually heavy all year, the excess-production capacities have promptly accommodated all increases without giving manufacturers an opportunity to raise the painfully narrow and in most cases, inadequate, profit margins which are the direct result of cut-throat competition arising from long-continued high output. Of course, a few of the larger and well regulated companies producing cotton, silk and woolen goods are in a position to show some slight gains in earnings; but the rank and file of such manufacturers are not yet able to show much profit above operating costs.

Of all the textiles, the newest, rayon, enjoys the most favorable position. While the rayon industry was born in Europe and was developed there fully ten years before it was adopted by American interests, it has had more vigorous growth on this side of the ocean and at the present time our production is about 100% above that of the nearest foreign producer. It is estimated that production this year will show an increase of about 30% over 1928 and consumption is currently absorbing output with ease. Although recent price cuts amounting to about 23% in average prices will prevent earnings of most rayon manufacturers from increasing, the industry is apparently facing a period of stable quotations and thus, with anticipated gains in consumption next year, the outlook for earnings in 1930 holds much attraction.

The position of other textiles is shrewdly summed up in the following quotation from Lincoln Baylies, president of the National Association of Cotton Manufacturers. While Mr. Baylies is commenting on the cotton goods situation, his observations are applicable, in varying degrees, to silk and woolens. "The manufacturing margin has dropped nearly 5 cents a pound in the last two years. During the first eight months this year production was at the rate of 10½% above normal. There is only one law in the land that forces us to sell our commodities at a loss, and that is the law of supply and demand.

"Mergers, consolidations, group actions, or any other methods of control will be of little lasting benefit until the individuals responsible for the operation and management of the units of our industry learn that careful control of production based on prevalent market conditions is the best insurance for the people in our mills." And he might very appropriately have added, "for our stockholders."

Investment Trusts—Friend or Foe of the Stock Market?

(Continued from page 99)

with the wild scramble of the public to unload stocks on a panicky market.

But after all, the investment trusts are intended to serve the public in its investment problems. Their sole *raison d'etre* is their usefulness to the private investor. The only standard of valuation that one can apply is the degree to which they are able to excel the individual investor in the investment of funds for profits or safety. They must stand or fall on their record and while the record is hardly intelligible at this early date, it seems to compare well with that of a great many individual participants in the stock market.

The "fixed" trusts or the trusts which have only limited powers of substitution have not had much to offer to the investor in the recent market difficulties except diversification. The opportunity to spread one's limited funds over a great many issues has been profitable in a generally rising market but is a doubtful advantage in declining markets. Even before the big break in the market, the fixed trusts were on the wane—a tendency that has undoubtedly been accentuated by the decline.

Tendency Toward Management Trusts

The "management" trusts will undoubtedly have a confused record of experience to present to their followers when the time for reckoning comes. So far, one can only say that the average management trust has fared better than the average individual speculator—but perhaps that only proves that it is better to buy stocks outright than to speculate on margin.

Even some of the management trusts have departed rather far from the path that their name indicates, in that they have been borrowers of capital either from the public or from their banks. The more that they create fixed obligations in obtaining funds the more they lose their inherent advantage over the individual investor. And the more that they use such funds in the "search for profits" the more they bring their operations to the plane of the speculator of more moderate circumstances.

The fervent enthusiasm of the public for investment trust securities has given these institutions a flying start. A recent survey of the financing of investment trusts, trading and holding companies during the year 1929 shows that a grand total of more than two and a quarter billion dollars was raised by these institutions in the first nine months of the year. All but 115 million dollars of this total was represented in investment trust stocks. A billion and a quarter of stock financing was projected by investment trusts during the three months of July, August and September. Prior to this survey no entirely accurate records of investment trust financing are available but it is estimated that during the past ten years up to and including 1928 not much more than a billion dollars' worth of investment trust financing had found its way to the market—an amount equal to that which was placed in three single months prior to the market break.

Obviously little of this latter amount was bought by investors on the basis of an established record for good performance—the new trusts had no record. They were simply acquired in a burst of enthusiasm—heightened perhaps by the knowledge that the individual's own transactions were none too profitable. Here was a chance to place their funds under the management of some of the "big names" in Wall Street who headed the ticket of a number of these more recent organizations.

In the rush to get aboard these newer investment trust band-wagons, shares of new companies were carried to prices double the issue price almost immediately. The trusts themselves received the benefit of only the issue price—higher quotations being purely speculative valuations placed on the issue by competitive bidding. Hereafter, it is likely that considerably more discrimination will be used in selecting investment trust shares and in time a definite relation between earning power and asset value and investment trust stock quotations will materialize. Where a reasonable relationship between prices and values exists, the investment trusts should offer an advantageous field for the individual security buyer to enter.

Friend or Foe of Market?

The effect of investment trust operations on the general market, moreover, will probably become more marked in a steadier market than under the conditions that have prevailed recently. The investment trusts like the private investor or trader are attempting to use the security markets to their best advantage. Their first obligation is to their own shareholders—efforts to stabilize the general market may be attempted in the interests of "good business" for the trusts themselves but this

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March 31, 1928, $2,116,982.70
March 31, 1929, $2,735,050.05
Sept. 30, 1929, $2,856,091.53

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100% Safety
6% Interest

More than $2.00 of carefully selected first mortgages on real estate in this county for every $1.00 of liability under our Special Deposit Certificates. No loss to any of our depositors in fifty-four years. Resources over 20 millions. More than 30,000 patrons, principally in Ohio, but from more than ¾ of the states of the Union and a dozen foreign countries. Patronized by the best business men and capitalists and more than 70 other Ohio Building Associations and banks, which use us as a depository for Reserve and temporarily idle funds. Let us send you a Booklet of Information.

AMERICAN LOAN AND SAVINGS ASSOCIATION
American Savings Bldg.,
Dayton, Ohio

To Building and Loan Investors:—

We are endeavoring to give our subscribers and readers more explicit information on their B. & L. holdings. Therefore, we will be pleased to give you an opinion on any individual Association located in the United States, provided we have available data on which to base an opinion. Address Building & Loan Association Dept., The Magazine of Wall Street, 42 Broadway, N. Y. C.

is hardly the kind of philanthropy that one would like to depend upon.

As a matter of fact, the position of the large investment companies which trade actively in the stock market is one of opposition to the individual investor—excepting those of course who are investors in the certificates of the trust. One rather unhealthy market situation that has not entirely cleared up as yet is the lending by the investment trusts of many hundreds of millions of dollars to the public in the form of call loans which help to finance the public in buying shares that the trusts are distributing on the market. During the recent break almost a billion and a half dollars was withdrawn from the call loan account of "others" and while the investment trusts stand responsible for only a portion of these transfers, it nevertheless put the local banks in a rather uncomfortable position. In any event, the benefits of the investment trusts to the stock market itself are not by any means as clear nor as impressive as the advantages which they are prepared to offer to those particular investors who hold their shares.

Severe Deflation of Utilities Gives New Basis of Market Appraisal

(*Continued from page* 111)

make a four-for-one split-up of its common stock, reducing the par value from $100 to $25. This decision, however, has significance only as indicating local difficulties. In the State of New York, for instance, the Public Service Commission, under the law and under the decisions of the courts of this State, has no authority or control over a split-up of the stock of a utility company, which is treated as affecting solely the relations of the corporation and its stockholders and as not involving any public interest or possibly affecting the rates charged to customers.

Another factor in the sharp decline in public utility stocks was the warning issued by the Investment Bankers' Association at their meeting in Quebec last month that the speculation in this class of securities had reached a dangerous point. It cautioned against "speculative and uninformed buying" and counselled "the prudent buying of utility securities."

The sharp decline from the peak has brought prices down to a level where utility common stocks are again selling on a fairly reasonable basis compared with earnings and future prospects. The stock market crash will unquestionably have some effect on general business, but in event of such recession, public utility industry should be slightly, if at all, affected. Consolidations, mergers and various other less binding arrangements have played an important part in the development of the potentialities and earning power of the utility companies, and this movement will no doubt continue as soon as conditions are normal again. The long pull prospect of the common stocks of well established and strong operating and holding companies offer excellent opportunities for the investor who has faith in the future of this industry.

Montgomery Ward

(*Continued from page* 117)

assume that the normal earning power for the common stock ranges from $5 to $6 per share. A merchandising stock having such a normal earning power and which stands to gain so much from expansion during the next few years seems attractively appraised at current levels around 60. In the final analysis, however, particularly in the light of the fact that the most profitable returns from common stock investments are derived over the longer term, such factors as the company's skillful management and conservative financial policies assume a greater significance than current earning power. It is as yet too early to fully gauge the possible results of the company's radical change in policy in relation to future earnings, but imagination tempered with reason would seem to warrant a wholly constructive conclusion.

Texas Corp.

(*Continued from page* 121)

in a gradual reduction in the percentage of crude from outside sources and it is virtually certain that new high records for the production and sale of gasoline will be made this year.

Based on indicated earnings of from $5.50 to $6.00, the stock with a current price range of 71⅞ and 50½ has at no time sold at price which might be considered to be excessive, as judged by any reasonable standard. In contrast with many other industrial stocks of similar high grade calibre and which are normally quoted at prices ranging from 15 to 30 times indicated earnings, the shares of Texas Corp. at their extreme high were selling less than 12 times prospective earnings for 1929. This discrepancy may be accounted for not by any lack of confidence in the company's future but by the almost discouragingly slow progress of the oil industry toward stability. Nevertheless, the situation is not without its hopeful aspects and the continued cooperation of influential interests within the industry, which has already been manifested in restricted drilling and production, should accomplish much in bringing about a more equable relation between supply and demand.

Obtainable around 54, Texas Corp. shares yield 5.50% and this satisfactory return completes an attractive combination which includes fundamental investment merit and well defined possibilities for long range price appreciation.

After the Break—What?

(*Continued from page* 96)

ernment committees investigating the unemployment problem, in which President Hoover before his present incumbency as chief executive of the nation had such a prominent part.

Sounder Prosperity

Aside from this, private enterprise has numerous large projects in contemplation, the carrying out of which will go far toward keeping general business activity of the country at a high level. Many of the large corporations have huge cash and liquid resources and thus can proceed on their modernization and development programs without immediate recourse to borrowing. This sort of work is dictated by economy and the needs of a steadily growing population and is independent of gyrations in the stock market. The stimulus of these projects will go a long way toward establishing the country on a basis of prosperity.

The American people within the last decade have developed a "prosperity consciousness," a term embodying the spirit in which their activities are initiated and carried out to achieve and maintain prosperity. Enthusiastic to a fault in this matter, they may carry things to extremes. Was this not the case in the stock market? Like the sacred phenix of Egyptian mythology, there will rise from the ashes of the stock market collapse after a state of equilibrium has been reached a new and balanced sense of security values which will be supported by perhaps a soberer but surely a more substantial prosperity.

Financial Notices

Dividends and Interest

Childs

The Nation's Host From Coast to Coast

DIVIDEND NOTICE

The Board of Directors of Childs Company has declared the following cash dividends, payable December 10, 1929, to stockholders of record at the close of business, 3 P.M., November 22, 1929.

On the preferred stock, a quarterly dividend of 1¾%.

On the no par value common stock, a dividend of 60c. per share.

The stock transfer books will remain open.

L. E. BUSWELL, *Secretary*
200 Fifth Avenue
New York

Federal Light & Traction Co.

Preferred and Common Stock Dividends

52 William St., New York, N. Y.
November 6, 1929.

The Board of Directors has this day declared the Regular Quarterly Dividend of One Dollar and Fifty Cents ($1.50) per share on the Preferred Stock of Federal Light & Traction Company, payable on December 2, 1929, to the Stockholders of Record as of the close of business November 15, 1929.

The Board of Directors has also this day declared the Twenty-eighth Quarterly Dividend on the Common Stock of the Company at the rate of Thirty-seven and one-half Cents (37½c) per share in cash and one per cent in Common Stock. This dividend is payable on January 2, 1930, to the Common Stockholders of Record as of the close of business December 13, 1929.

The Transfer Books will not be closed.

H. G. TOWNSEND,
Assistant Treasurer.

MALLINSON'S
Silks and Fabrics de Luxe

H. R. Mallinson & Co., Inc.

299 Fifth Ave., New York City
October 31, 1929

Preferred Dividend No. 40

The Board of Directors of this Corporation has declared the regular quarterly dividend, No. 40, of 1¾%, on the preferred stock, payable January 1, 1930, to stockholders of record at the close of business on December 20, 1929.

E. IRVING HANSON, *Treasurer.*

CENTRAL ARKANSAS PUBLIC SERVICE CORPORATION

Preferred Stock Dividend No. 67.

52 William St., New York, Nov. 6, 1929.

The Board of Directors has this day declared the Sixty-seventh Consecutive Dividend of One and Three-quarters Per Cent. (1¾%) on the Preferred Stock of the Central Arkansas Public Service Corporation, payable on December 2, 1929, to the Stockholders of Record as of the close of business November 15, 1929.

The transfer books will not be closed.

H. G. TOWNSEND, Secretary

Dividends and Interest

Dividends and Interest

NCCA ORGANIZATION

National Cash Credit Ass'n

Alabama Cash Credit Corporation

Preferred Stock Dividend No. 15

The regular quarterly dividend of Fifteen Cents (15c) per share and an extra dividend of Fifteen Cents (15c) per share has been declared on the Preferred Stock of the Corporation, payable November 25, 1929, to stockholders of record on November 12, 1929.

OSCAR NELSON, Treasurer.

Alabama Cash Credit Corporation

Common Stock Dividend No. 15

The regular quarterly dividend of Fifteen Cents (15c) per share has been declared on the Common Stock of the Corporation, payable on November 25, 1929, to stockholders of record on November 12, 1929.

OSCAR NELSON, Treasurer.

American Cash Credit Corporation

Class "A" Common
Quarterly Dividend No. 2

The regular quarterly dividend of Fifteen Cents (15c) per share and an extra dividend of Nine Cents (9c) per share and a stock dividend of One Two-Hundredths (1/200) of a share has been declared on the Class "A" Common Stock of the Corporation, payable on November 25, 1929, to stockholders of record on November 12, 1929.

OSCAR NELSON, Treasurer.

American Cash Credit Corporation

Class "B" Common
Quarterly Dividend No. 2

The regular quarterly dividend of Ten and One-Half Cents (10½c) per share and a stock dividend of One Two-Hundredths (1/200) of a share payable in Class "A" Common Stock, has been declared on the Class "B" Common Stock of the Corporation, payable November 25, 1929, to stockholders of record November 12, 1929.

OSCAR NELSON, Treasurer.

Badger State Cash Credit Corp.

Preferred Stock Dividend No. 5

The regular quarterly dividend of Twenty Cents (20c) per share and an extra dividend of Seven Cents (7c) per share has been declared on the Preferred Stock of the Corporation, payable on November 25, 1929, to stockholders of record on November 12, 1929.

OSCAR NELSON, Treasurer.

Badger State Cash Credit Corp.

Common Stock Dividend No. 5

The regular quarterly dividend of Seven Cents (7c) per share has been declared on the Common Stock of the Corporation, payable on November 25, 1929, to stockholders of record November 12, 1929.

OSCAR NELSON, Treasurer.

Georgia Cash Credit Corporatiom

Preferred Stock Dividend No. 4

The regular quarterly dividend of Twenty Cents (20c) per share and an extra dividend of Ten Cents (10c) per share has been declared on the Preferred Stock of the Corporation, payable on November 25, 1929, to stockholders of record on November 12, 1929.

OSCAR NELSON, Treasurer.

Georgia Cash Credit Corporation

Common Stock Dividend No. 4

The regular quarterly dividend of Ten Cents (10c) per share has been declared on the Common Stock of the Corporation, payable on November 25, 1929, to stockholders of record on November 12, 1929.

OSCAR NELSON, Treasurer.

Illinois Cash Credit Corporation

(A New Jersey Corporation)

Prefered Stock Dividend No. 7

The regular quarterly dividend of Twenty Cents (20c) per share and an extra dividend of Ten Cents (10c) per share has been declared on the Preferred Stock of the Corporation, payable November 25, 1929, to stockholders of record November 12, 1929.

OSCAR NELSON, Treasurer.

Illinois Cash Credit Corporation

(A New Jersey Corporation)

Common Stock Dividend No. 7

The regular quarterly dividend of Ten Cents (10c) per share has been declared on the Common Stock of the Corporation, payable November 25, 1929, to stockholders of record November 12, 1929.

OSCAR NELSON, Treasurer.

Note: Stock originally issued after August 25, 1929, will receive a pro rata dividend according to resolution.

GEORGE A. FULLER COMPANY

MADISON AVENUE & 57th STREET

NEW YORK CITY

At a meeting held today the directors of this Company declared the regular quarterly dividend of one dollar and fifty cents ($1.50) on each share of its Cumulative and Participating Prior Preferred Stock, issued and outstanding, payable on January 1st, 1930, to stockholders of record at the close of business on December 10th, 1929, and the regular quarterly dividend of one dollar and fifty cents ($1.50) on each share of its Cumulative and Participating Second Preference Stock, issued and outstanding, payable on January 1st, 1930, to stockholders of record at the close of business on December 10th, 1929.

Dated, New York, November 8th, 1929.

B. M. FELLOWS, Treasurer.

LOEW'S INCORPORATED

"Theatres Everywhere"

November 7th, 1929.

At a special meeting of the Board of Directors of this Company, the Directors voted to place the common stock of the Company on a $3.00 annual dividend basis and accordingly declared the quarterly dividend of 75c, also an extra dividend of 75c per share on the outstanding common stock of the Company, both payable December 31st next, to stockholders of record at the close of business on December 13, 1929.

DAVID BERNSTEIN,
Vice President & Treasurer

The American Rolling Mill Co.

The Board of Directors on October 11th, 1929, declared the regular quarterly dividend of fifty cents (50c) per share on the Common Stock of the Company, payable January 15, 1930, to stockholders of record as of December 31, 1929.

W. D. VORHIS
Secretary

TO THE STOCKHOLDERS OF SIMMS PETROLEUM CO.:

The Board of Directors of your Company has this day declared from the surplus profits of the Company a dividend of Forty Cents (40c) a share on the Capital Stock, to be paid on December 14, 1929, to stockholders of record as of the close of business Friday, November 29, 1929. The stock transfer books will not be closed.

SIMMS PETROLEUM CO.,
By Alfred J. Williams,
Nov. 7, 1929. Treasurer.

TENNESSEE COPPER & CHEMICAL CORPORATION

61 Broadway, New York

The Board of Directors of the Tennessee Copper & Chemical Corporation has this day declared a quarterly dividend of twenty-five cents (25c) per share on the issued and outstanding capital stock of the company, payable December 16, 1929, to stockholders of record at the close of business November 30, 1929. The transfer books of the company will not close.

E. H. WESTLAKE, Treasurer.

November 8, 1929.

KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by business houses of the highest standard. They will be sent free on request, direct from the issuing houses.

PLEASE ASK FOR THEM IN NUMERICAL ORDER

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

PORT OF NEWARK

This booklet gives a most comprehensive description, not only of the Port of Newark, but also of the trading territory immediately adjacent to it. It is well worth reading for the information it contains. (410).

A 7% YIELD FROM FIRST MORTGAGES

on individual homes that do not exceed 50% of valuation is fully explained in a very attractive booklet—also how one may double his investment with absolute safety of principal in 10 years, 26 days. (415).

8% NON-TAXABLE INVESTMENTS

A Texas Building & Loan Association, under state supervision, is issuing shares, principal and interest secured by first mortgages on homes not to exceed 60% of valuation. (431).

7% INSTALLMENT SAVING CERTIFICATES

of a Colorado building and loan association operating under strict state supervision—their investment features and why—are explained in an interesting folder. (467).

SECURITY SALESMANSHIP—THE PROFESSION

An interesting discussion of this specialized field, together with information about the Course of Training being adopted by scores of leading investment firms for their men. Send for your copy. (470).

MARKET ACTION

is the title of a bulletin issued every week by a large financial service house, which will keep you advised of the opportunities offered with every turn of the market. Send for your complimentary copy today. (493).

MONEY TALKS

is the title of an interesting leaflet describing 8% quarterly dividends of a conservative, well managed building and loan association. Substantial cash reserves provide availability of investors' funds, and first mortgages on homes establish thorough safeguards and diversification of principal. Write name and address on margin and mail today. Check this number—(497).

"THE ONE BEST INVESTMENT"

Where to find it—How to judge it. Send for your free copy. (500).

THE SAVINGS JOURNAL

published by the Greater Louisville Savings & Building, contains some salient points regarding B. & L. investments. If interested in B. & L. securities, you should send for your free copy. (503).

TO OFFICERS OF CLOSE CORPORATIONS

A large trust company offers officers of close corporations a plan giving immediate and definite assurance that new interests will not buy into the business nor heirs suffer a financial loss on account of the death of a stockholder. Ask for booklet 510.

FREE FOLDER

explains the advantages of guaranteed income Time Certificates issued by progressive building and loan association. Affords highest type of safety and definite 6½% earnings for five-year term. Issued for $100 to $10,000—bond form with quarterly or semi-annual interest coupons. Non-fluctuating—transferable—renewable and tax exempt. (526).

MOTORIZING THE WORLD

Investors, bankers and business men interested in foreign trade will find information of value in this interesting booklet issued by General Motors Corporation. Send for 575.

ATLANTIC AND PACIFIC INTERNATIONAL CORPORATION

Net earnings of the Corporation applicable to the Class A Common Stock for twelve months prior to June 30, 1929, on the average number of shares outstanding during the period was considerably in excess of $4 per share. The investment position of the Common Stock "A" of this Corporation is discussed in an interesting circular (606). Copy on request.

HOLOPHANE COMPANY, Inc.

A circular on the common stock of this company, who manufactures scientific illuminating equipment used by airways, airports, factories, office buildings, power plants, stores and railroads, has been prepared by Jackson & Curtis, and your complimentary copy is awaiting your request. (608).

BREESE AIRCRAFT CORPORATION STOCK

is recommended by the firm of Madden, Tracy Company in a descriptive circular showing estimated earnings for next twelve months of $3.50 per share, now being offered at $15.50. Send for free copy. (609).

INVESTMENT TRUSTS

An analytical review of investment trusts will be mailed upon request by Edwin Weisl & Co., members New York Stock Exchange. (610).

AMERICAN UTILITIES & GENERAL CORPORATION

Preferred and Class B Stock Units are recommended for purchase by G. E. Barrett & Co. The Corporation is an investment trust of the management type which realized net profits of $755,914 for the six months ended August 15, 1929. Full information will be sent upon request. (612).

NORTH AMERICAN TRUST SHARES

the largest investment trust of the fixed type issues quarter-units, half-units and full units of 2,000 shares, which may be converted into cash through the Guaranty Trust Company of New York, trustee. Recommended for investment by Lee, Stewart & Co., Inc., and fully described in circular 614.

GODDARD SECURITIES CORPORATION

has been recently organized with broad powers to acquire, hold, sell, and deal in stocks, bonds, debentures and other securities. A substantial portion of the corporation's funds will be invested in the securities of natural gas, utility enterprises, upon which a descriptive circular has been prepared and will be mailed upon request. (616).

BANK STOCKS

A special memorandum on Bank Stocks has been prepared by Hornblower & Weeks, members New York Stock Exchange, and a complimentary copy will be forwarded upon request. (618).

$25,000,000 BANKS

The First National Corporation of Boston has prepared a circular giving brief statistical data on banks throughout the United States having deposits of approximately $25,000,000 or over. This circular will gladly be furnished upon request. (619).

SOUTHWEST DAIRY PRODUCTS CO.

The 7% preferred stock carries warrants to purchase 1½ shares common stock at 12. Listed on the New York Curb, investors should look into its profits possibilities. Send for descriptive folder 622.

NEW YORK CITY BANK STOCKS

offer unusual opportunities for continued appreciation. At the present time Equitable Trust and Guaranty Trust are particularly recommended in an interesting circular prepared by Broomhall, Killough & Co. Send for your complimentary copy. (628).

BANKS AND FUTURE BANKING

An analytical review of banks and future banking has been prepared by Edwin Weisl & Co., members New York Stock Exchange, and a copy will gladly be mailed. (624).

SEVEN BANKS

The stock of Bank of America, Bank of Manhattan, Bankers Trust, Chase National, Guaranty Trust, Irving Trust and National City Bank are specialized in by Charles E. Doyle & Co., and analyses will be gladly furnished upon request. (625).

CORROON & REYNOLDS CORPORATION

A holding company for shares of insurance companies, insurance management and agency corporations whose common stock, traded on the New York Curb Exchange, is recommended by Merrill, Lynch & Co. in a descriptive circular. Send for your copy. (626).

PRIZE INVESTMENT LIST COMPARISONS

This folder compares the record of Financial Investing Co., of New York, Ltd., with the results achieved during the past four years by 14 prize-winning investment recommendations. It shows how Financial Investing shares gained 59% in value and returned an average of 13.35% to investors. Send for 628.

DEPARTMENT STORE INDUSTRY

Samuel Ungerleider & Co., members of the New York Stock Exchange, have prepared a bulletin discussing the position and outlook of the department store industry, as well as a review of fifteen leading stores. Send for 629.

MARINE MIDLAND CORPORATION

organized to acquire a controlling interest in the stock of sixteen New York State banks and trust companies, is issuing 1,000,000 shares of capital stock, the proceeds from which will be used to establish a bank in New York City and to acquire stocks of other banks. This investment is fully analyzed in an offering circular which will be mailed upon request. (630).

RAILROAD SHARES CORPORATION

is an investment trust whose holdings comprise blocks of common stock of over 60 railroad and equipment companies. Its common stock is being issued by C. D. Parker & Co. and application has been made to list this stock on the New York Curb Exchange. Send for descriptive circular. (631).

ANGLO AMERICAN SHARES, INC.

An international holding company whose securities are analyzed in descriptive circular 632. Send for your free copy.

TEN RULES FOR INVESTORS

The effectiveness of investment plans, based on well defined rules, is strikingly demonstrated in this interesting booklet, "Ten Rules for Investors," together with explanatory comments by the author. Send for your complimentary copy. (634).

NORANDA

A special report on this mining company has been prepared by the engineering and statistical department of Solloway, Mills & Co. and will be sent free upon request. (636).

GAS INDUSTRY

A survey has recently been prepared by Pynchon & Co., setting forth the causes which contributed to its rapid expansion during recent years and the outlook for its continued growth. Copies of this survey available upon request. (637).

INDUSTRIAL CREDIT CORP. OF AMERICA

The Bond and Share Units of this corporation are recommended as an attractive investment at this time. The advantages to be derived are pointed out in an interesting folder which will be forwarded upon request. (647).

AMERICAN COMMONWEALTHS POWER CORPORATION

Consolidated earnings of American Commonwealths Power Corporation and its subsidiaries for the year ended September 30, 1929, irrespective of date of acquisition:

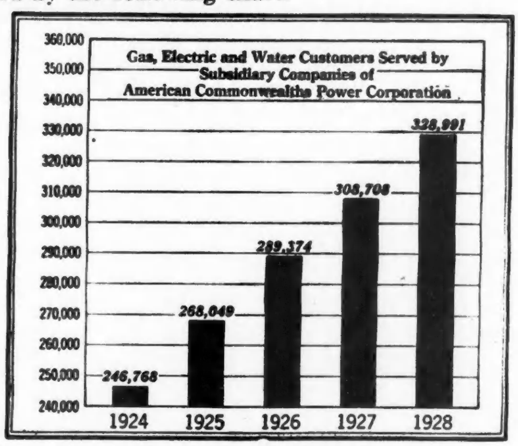
Consolidated Gross Earnings, all sources....	**$22,987,488**
Operating Expenses, Maintenance and Taxes.	**13,063,369**
Net Earnings before interest, depreciation and dividends....................	**$ 9.924.118**

STABILITY OF EARNINGS

The impressive gain in gross and net earnings of the Corporation reflects in part the prosperity of the communities served. These lie in areas exceptionally well diversified as to industry, character of population and geographical location, and show a steady growth in population, industry and prosperity.

The care exercised by the management in the selection of new utility properties has been a significant factor in the stabilization of earnings of the Corporation. The System now serves a population estimated at over 2,100,000 in 310 communities in 22 states, offering an exceptional diversity of service and an assured stability of earnings.

Year by year the number of customers served by the System of the Corporation has shown a steady increase. APPROXIMATELY 350,000 GAS AND ELECTRIC CUSTOMERS ARE NOW receiving service from this large System, which is a substantial increase over the number of customers reported for the previous year and is consistent with the increase in customers served during the previous five years, as indicated by the following chart.



CLASS A COMMON STOCK

EARNINGS PER SHARE: The earnings on the average number of shares of Class A and Class B Common Stock outstanding during the twelve months ended September 30, 1929, before providing for depreciation. were equal to approximately $2.80 per share.

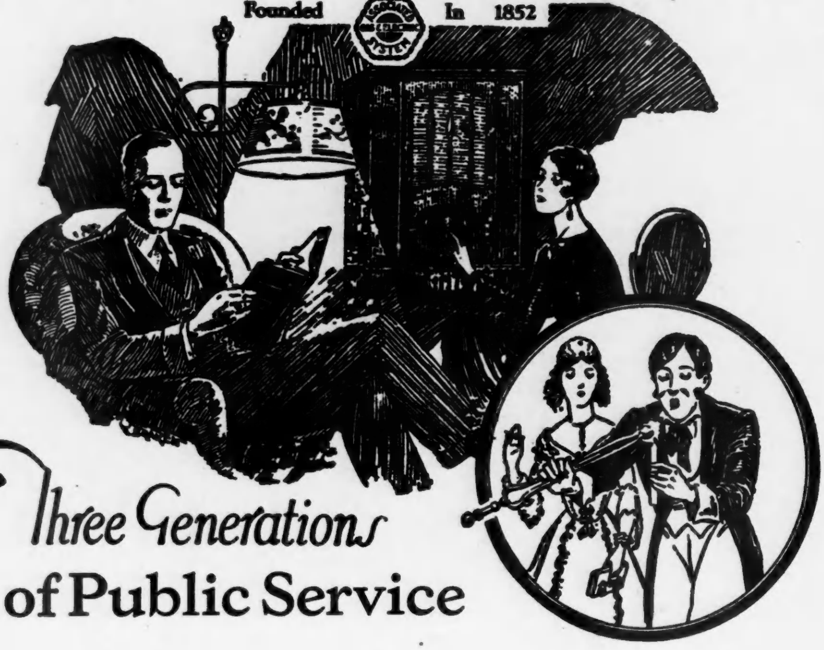
DIVIDEND POLICIES: Directors of the Corporation have placed the Class A Common Stock on a dividend basis of 1/40th of a share quarterly (10% annually) for each share held, thus putting the Class A Common Stock on a 10% stock dividend basis. Both classes of Common Stocks of the Corporation are traded in on the Chicago Stock Exchange and the New York Curb Exchange.

For further information about the Corporation, its securities and areas served, inquire of your investment security dealer, or address the Secretary.

American Commonwealths Power Corporation
120 BROADWAY, NEW YORK

Associated Gas and Electric System

Founded In 1852



Three Generations of Public Service

"If one wants light now, all one has to do is pull a string or push a button. Then, we had to pick up a coal with tongs, hold it against a candle and blow."

—Grandmother Brown's Hundred Years, Atlantic Monthly, September, 1929.

Mrs. Brown said that when she was married in 1845, she preferred the open fireplace for cooking and used candles for lighting.

Founded 7 years later in 1852, the Associated Gas and Electric System has been in public service over three generations. During this period, gas came generally into use for cooking, heating and electricity for lighting and appliances.

A Service to 28 Customers Has Grown to 1,200,000 Customers

From a small beginning with 28 gas customers in one community, the Associated System now provides electricity or gas to a total of 1,200,000 customers in 2,200 communities. It is a service furnishing conveniences and comforts that have grown to be necessities to a population of 5,300,000 people.

61 BROADWAY NEW YORK CITY